Annual Report 2015

One Source of Productivity

ROCE	EBITA margin	Free cash flow	Order intake
10%	8.0%	DKKm 1,288	DKKm 18,490
Down from 12%	Down from 8.9%	Up from DKK 700m	Up from DKK 17,267m

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Group financial highlights 5-year summary

DKKm	2011 [2]	2012 [2]	2013 [2]	2014 [2]	2015	2015 EUR [1]
INCOME STATEMENT						
Revenue	19,598	24,283	25,027	20,499	19,682	2,642
Gross profit	5,222	6,193	5,060	5,125	4,946	664
EBITDA	2,577	2,959	1,618	2,106	1,878	252
EBITA	2,399	2,703	1,379	1,823	1,582	212
EBIT	2,174	2,189	67	1,416	1,141	153
Earnings from financial items, net	(78)	(61)	(227)	(137)	(256)	(34)
EBT	2,096	2,128	(160)	1,279	885	119
Profit/(loss) for the year, continuing activities	**1,419**	**1,415**	**(472)**	**881**	**603**	**81**
Profit/(loss) for the year, discontinued activities	18	(112)	(312)	(68)	(178)	(24)
Profit/(loss) for the year	**1,437**	**1,303**	**(784)**	**813**	**425**	**57**
CASH FLOW						
Cash flow from operating activities (CFFO)	1,148	1,720	(157)	1,298	538	72
Acquisition of tangible assets	(497)	(739)	(524)	(366)	(139)	(19)
Cash flow from investing activities (CFFI)	(1,648)	(3,398)	(567)	(598)	750	101
Free cash flow	(500)	(1,678)	(724)	700	1,288	173
Free cash flow adjusted for acquisitions and disposals of enterprises and activities	415	830	(751)	884	415	56
Net working capital	**1,174**	**1,553**	**2,027**	**2,276**	**2,583**	**347**
Net interest-bearing debt	**(165)**	**(3,189)**	**(4,780)**	**(4,593)**	**(3,674)**	**(494)**
ORDERS						
Order intake, continuing activities	23,927	27,702	19,794	17,267	18,490	2,487
Order backlog, continuing activities	26,977	29,343	20,813	17,726	14,858	1,999
BALANCE SHEET						
Total assets	25,540	31,875	27,328	26,352	24,362	3,277
Equity	8,907	9,419	6,922	7,761	7,982	1,074
Proposed dividend to shareholders	479	479	106	461	205	28
FINANCIAL RATIOS						
Gross margin	26.6%	25.5%	20.2%	25.0%	25.1%	25.1%
EBITDA margin	13.1%	12.2%	6.5%	10.3%	9.5%	9.5%
EBITA margin	12.2%	11.1%	5.5%	8.9%	8.0%	8.0%
EBIT margin	11.1%	9.0%	0.3%	6.9%	5.8%	5.8%
EBT margin	10.7%	8.8%	-0.6%	6.2%	4.5%	4.5%
CFFO / Revenue	5.9%	7.1%	-0.6%	6.3%	2.7%	2.7%
Cash conversion	19.1%	37.9%	n/a	62.4%	36.4%	36.4%
Book-to-bill	122.1%	114.1%	79.1%	84.2%	93.9%	93.9%
Order backlog / Revenue	137.7%	120.8%	83.2%	86.5%	75.5%	75.5%
Return on equity	17%	14%	-10%	11%	5%	5%
Equity ratio	35%	30%	25%	29%	33%	33%
ROCE (return on capital employed), average	23%	18%	9%	12%	10%	10%
Net working capital ratio, average	6.7%	8.3%	7.1%	10.5%	12.3%	12.3%
Financial gearing	0.1	1.2	3.0	2.2	2.0	2.0
Capital employed, average	10,236	13,205	15,070	15,040	15,162	2,040
Number of employees at 31 December, Group	**13,204**	**15,900**	**15,317**	**14,765**	**12,969**	**12,969**
SHARE RATIOS						
CFPS (cash flow per share), (diluted)	21.8	33.0	(3.1)	26.3	11.0	1.5
EPS (earnings per share), (diluted)	27.1	25.1	(15.3)	16.4	8.6	1.2
Net asset value per share	169	181	139	158	162	22
Dividend per share	9	9	2	9	4	0.5
Pay-out ratio	34%	37%	n/a	57%	49%	49%
FLSmidth & Co. A/S´ share price	337.5	327.2	296.1	272.3	240.0	32.3
Number of shares (1,000), 31 December	53,200	53,200	53,200	51,250	51,250	51,250
Market capitalisation	17,955	17,407	15,753	13,955	12,300	1,655

The financial ratios have been computed in accordance with the guidelines of the Danish Society of Financial Analysts from 2015. Please refer to note 51 for definitions of terms.

1) Income statement and cash flow items are translated at the average EUR exchange rate of 7.4508 and the balance sheet items are translated at the year-end EUR exchange rate of 7.4342.

2) The income statement figures have been restated as bulk material handling and Cembrit are presented as discontinued activities.

Main conclusions

Challenging market conditions had a significant impact on financial performance in 2015. The global cement and minerals industries continue to be severely impacted by low oil and commodity prices, and as a result, investments have been further curtailed.

Order intake increased 7%, while revenue declined 4%. Both were supported by currency tailwind. The EBITA margin was 8.0% - the mid-point of guidance. The Product Companies and Customer Services divisions deliver most of the profit and provide a solid foundation in the current cyclical investment downturn.

Free cash flow was the highest in six years owing to the divestment of Cembrit. As a consequence, net debt declined by DKK 0.9bn and the capital structure is now in line with targets. The guidance for 2016 reflects continued high market volatility and low visibility.

Guidance

DKK	Guidance[1] 2015	Realised 2015	Guidance 2016
Revenue*)	19-20bn	19.7bn	17-20bn
EBITA margin	7.5-8.5%	8.0%	7-9%
ROCE	10-12%	10%	8-10%
Tax rate	31-33%	32%	29-31%
CFFI**)	-0.3bn	-0.1bn	-0.4bn

*) at prevailing currency rates.
**) excluding acquisitions and divestments of enterprises and activities.
[1] Last updated on 12 November 2015.

Return on Capital Employed

10%

Down from 12%

EBITA margin

8.0%

Down from 8.9%

Order backlog (DKKm)

14,858

Down from 17,726

Free cash flow (DKKm)

1,288

Up from 700

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Revenue (DKKm)	EBITA (DKKm)
19,682	**1,582**
Down from 20,499	Down from 1,823

CFFO (DKKm)	Order intake (DKKm)
538	**18,490**
Down from 1,298	Up from 17,267

Net interest-bearing debt (DKKm)	Net working capital (DKKm)
-3,674	**2,583**
Down from -4,593	Up from 2,276

Financial gearing (NIBD/EBITDA)	EPS (Earnings per share) (DKK)
2.0	**8.6**
Down from 2.2	Down from 16.4

A productivity mindset

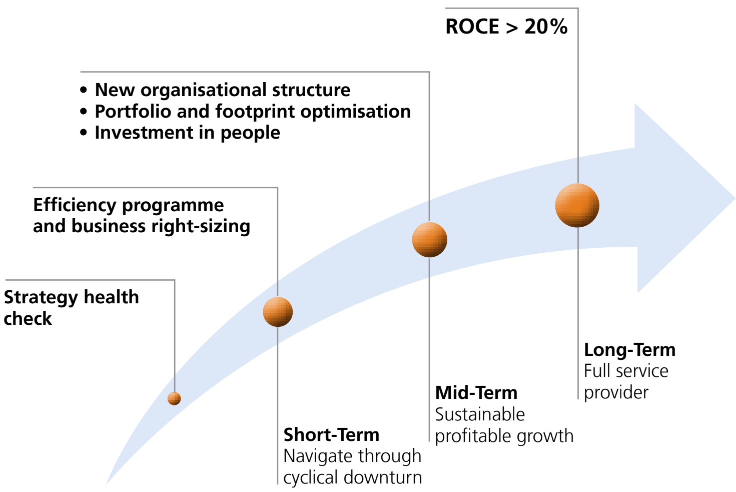
Although we acknowledge the persisting headwind from our end markets, we continue to look ahead while improving our efficiency and competitive position. A downturn is in fact an opportunity to make the company fitter for the future. The last two to three years, we have executed comprehensive efficiency improvement programmes with a view to optimising our global footprint. In parallel, we have conducted business right-sizing to adjust our business to prevailing market conditions. The initiatives continue, most recently with the consolidation of our minerals material handling activities in the USA, and ongoing transfer of engineering and manufacturing to India and China.

On 1st of January 2015, our new organisational structure became effective which significantly simplifies the way we do business. At the same time, we optimise our product portfolio. In January 2015, we divested Cembrit and in November 2015, we announced the plan to restructure and divest our bulk material handling activities. Portfolio and footprint optimisation is an ongoing management task, including evaluation of potential investment opportunities.

We constantly adapt our offering to reflect our customers' needs. We believe productivity will be a critical success factor in the years to come, and that is why we make substantial investments in R&D and in developing a strong productivity mindset, including recruitment of sales people to grow our adjacent businesses.

"We optimise our portfolio and invest in our people and innovation to offer customers improved productivity"

Thomas Schulz - Group Chief Executive Officer



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Matching staff and competencies with customer needs

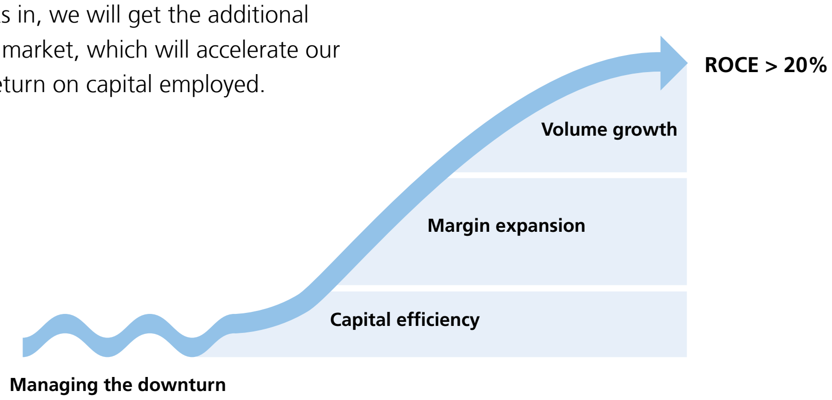
We are experiencing tough market conditions but we will continue to drive the business for long-term sustainable profitable growth and we maintain our strong focus on return on capital employed. Currently, attention is on managing the downturn and delivering a strong cash flow. At the same time, we optimise our business to reflect changing customer needs. In 2015, this resulted in extra attention on securing the optimal composition of the Board and staff of FLSmidth to make sure that our competencies match our customers' needs.

We were very pleased to announce that Marius Jacques Kloppers, former CEO of BHP Billiton and Rob Smith from AGCO have accepted to be nominated as new members of the Board of Directors. With an extensive knowledge of the minerals industries and experience with manufacturing and sourcing in a wide range of industries and countries, the two candidates can contribute with very valuable knowledge and experience to the work of the Board. Development of talent and succession planning among the employees were also on the agenda during 2015. A new long-term incentive scheme based on conditional shares - performance shares - will be introduced in 2016. This will ensure alignment between shareholders' interest and the way management is rewarded, just as it will benefit the further development of FLSmidth.

Inevitably, short-term results are impacted by current market headwind, but we strongly believe that our successful implementation of efficiency improvement programmes in combination with a focus on securing the right staff and competencies will provide a strong platform for expanding profit margins and ensuring organic growth in years to come - and when the upturn kicks in, we will get the additional benefit of a faster growing market, which will accelerate our journey towards a higher return on capital employed.

"We will continue to drive the business for long-term sustainable profitable growth"

Vagn Ove Sørensen - Board Chairman



Long-term financial targets

Group long-term financial targets

Long-term financial goals for FLSmidth subject to normalised market conditions:

Annual growth in revenue	Above market average
EBITA margin	10-13%
ROCE *)	>20%
Tax rate	32-34%
Financial gearing	(NIBD/EBITDA) <2
Equity ratio	>30%
Pay-out ratio	30-50% of the profit for the year

*) ROCE: Return on Capital Employed calculated on a before-tax basis as EBITA divided by average Capital Employed including goodwill.

Investing in FLSmidth

FLSmidth & Co. A/S has been listed on NASDAQ OMX Copenhagen since 1968. FLSmidth is best characterised as a capital goods, an engineering or an industrial company. FLSmidth excels in productivity improvements and eco-efficient technological solutions to process and handle cement and minerals. Based on 134 years of experience, FLSmidth has a proven ability to support the global minerals and cement industries to lower their environmental impact and improve productivity.

FLSmidth has a sustainable business model and good growth opportunities. Minerals and cement are vital for continued global economic, societal and technological development. With two-thirds of revenue being generated in emerging markets, an investment in FLSmidth is an investment in emerging markets growth. See page 70-72 for further shareholder information.

Divisional long-term financial targets

	Growth (over the cycle)	EBITA%	Net working capital (as pct. of revenue)
Customer Services	5-10%	>15%	15-20%
Products Companies	5-10%	12-15%	~15%
Minerals	5-6%	3-8%	Negative
Cement	3-5%	3-8%	Negative

FACTS

The Board of Directors' priority for capital structure and allocation is the following:

1. Well-capitalized (NIBD/EBITDA < 2)
2. Stable dividends (30-50% of net profit)
3. Invest in organic growth
4. Value adding M&As
5. Share buyback or special dividend

Share and dividend figures 2015:

	2015	2014
Earnings per share (diluted) DKK	8.6	16.4
Total shareholder return	-9%	-8%
Proposed dividend per share DKK	4	9
Dividend yield	1.7%	3.3%
Pay-out ratio	49%	55%

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Financial results 2015

FLSmidth

Revenue DKKm
19,682

EBITA margin
8.0%

Order intake DKKm
18,490

	Customer Services	Product Companies	Minerals	Cement
Revenue DKKm	7,294	5,711	3,576	3,911
EBITA margin	13.0%	13.2%	-7.2%	2.5%
Order intake DKKm	6,710	5,742	4,112	2,803

Total service business

Customer Services
Customised cement and minerals equipment aftermarket

Cement
Opreration & Maintenance

Product Companies
Products aftermarket

55% of revenue
52% of order intake
Revenue growth +7% vs. 2014
Order intake growth unchanged vs. 2014

Total capital business

Minerals
Projects / customised equipment

Cement
Projects / customised equipment

Product Companies
Products

45% of revenue
48% of order intake
Revenue growth -15% vs. 2014
Order intake growth +15% vs. 2014

Who we are

FLSmidth is a market-leading supplier of engineering, equipment and services to the global minerals and cement industries. We provide our key industries with the solutions to fulfil the full range of customer requirements, from single equipment to complete plants and from spare parts to full operation and maintenance services. We are the market-leading supplier of productivity enhancing services within six key commodities, which are copper, gold, coal, iron ore, fertilizers and cement. We help customers increase capacity, reduce operating costs and lower environmental impact. FLSmidth is a global company with headquarters in Denmark and a local presence in some 50 countries.

Customer Services

Product Companies

Minerals

Cement

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QCX Centaurus
FLSmidth

Vision

It is FLSmidth's vision to be our customers' preferred full-service provider of sustainable minerals and cement technologies.

Values

Over the past 134 years, FLSmidth has developed a business culture based on three fundamental values, which are firmly rooted in our Danish heritage:

> Cooperation
> Competence
> Responsibility

Ensuring that safety stays on top of mind is part of FLSmidth's commitment to Corporate Social Responsibility and builds on our company culture of being a responsible employer, and corporate citizen, and a reliable business partner.

Strategy and business model

The growth and economic development of societies all over the world is driving urbanisation and industrialisation which in turn is driving demand for cement and minerals. As a leading supplier of environmentally sound solutions to the global cement and minerals industries, FLSmidth has a sustainable business model which makes the company well positioned to benefit from the mid- and long-term structural growth opportunities. At the same time, the flexible business model allows FLSmidth to manoeuvre safely through a cyclical macroeconomic environment.

The business is developed around four strategic focus areas:

- Full service provider
- Focus on six key commodities
- Full flow-sheet
- Life-cycle approach

FLSmidth's life-cycle approach helps customers reduce emissions, lower operating costs and enhance productivity based on a unique combination of key products, process know-how and a broad service offering. A strong engineering heritage combined with comprehensive flow-sheets of key technologies within our six key commodities position FLSmidth strongly as a one-source supplier to the cement, minerals and adjacent industries. As a full service provider, FLSmidth offers customers to design, build and operate their plants. See page 16-29 for more information about the strategy and business model.

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Business-model-driven organisation

FLSmidth's organisation is structured to ensure operational efficiency through homogeneous business models within each division and a segmented customer approach.

Divisions with homogeneous business models




	Customer Services	Product Companies	Minerals	Cement
Type of business	Spare parts ~75% Services ~15% Maintenance ~10%	Relatively standardised and market-leading product range ~50% aftermarket	• Engineered, customised single products • EP(S) projects • EPC projects • Operation & Maintenance	
Business characteristics	Small orders, stablehigh margins, growth	Stable high margins, original equipment & spare parts	Cyclical business, large orders, negative NWC, low margins	
Our excellence	• Inventory • Logistics • Speed • Maintenance	• Product leadership • Market coverage • Assembly/Manufac. • Inventory • Speed	• Process expertise and project execution • Procurement • Full flow-sheet offering • Engineered products	
Business model	Local direct sales, warehouses, service & support centres, mostly outsourced manufacturing	Mostly local direct sales, integrated value chain, in-house assembly / manufacturing	• Global direct sales • OEM supplier / technology provider • In-house R&D and engineering • Outsourced manufacturing	

Risk management

FLSmidth has a low risk tolerance for certain types of risk such as: safety, currency, theft of intellectual property rights, business integration, IT, legal, compliance and tax. However, the Group is prepared to accept considerable project-related risks within the areas where the Group has the competencies to manage such risks. During the risk assessment process in 2015, the following key risks were identified in random order of priority: safety, projects, compliance & tax, quality and market. See page 62-65 for more information about risk management.

Innovation

FLSmidth's future economic results are not dependent on the success of single innovations but on the continued stream of new developments to enhance our existing strong offering. In 2015, FLSmidth spent 1.3% of revenue on R&D to ensure environmentally sound solutions to the challenges faced by our customers.

The current cycle is mainly about productivity, and customers buy performance. FLSmidth's R&D focuses on increasing customers' productivity by minimizing resource consumption, increasing recovery and lowering environmental impact. We increasingly develop solutions together with our customers or form partnerships with other industry process leaders, like the joint filter development with Haldor Topsøe, and most recently with world leading chemical company BASF, to ensure a targeted co-development process with rapidly commercialised products. See page 30-36 for more information about FLSmidth's recent innovations.

Market trends

Global growth was lower than expected in 2015[1], and likewise, FLSmidth's core markets developed more negatively than anticipated. The expected emerging recovery of the cement industry was postponed, and the minerals industry deteriorated more rapidly and more vigorously than foreseen at the beginning of the year. As a reflection of the changed market conditions and very high market volatility over the summer, the earnings guidance was downgraded in connection with the half-year results.

Cement

Going into the year 2015, it looked like a slow recovery would finally emerge in the global cement industry excluding China. Global capacity utilisation rates were on a slight positive trend and increasing consumption underpinned positive development in many regions. Most of the underlying prerequisites for a recovery in the industry are still present but, from a global perspective, the recovery has been delayed as a result of the strong decline in the oil price. The likely impacts of the lower oil price were highlighted already in connection with the first quarter results, but the actual effects have been more evident in the second half of 2015. Demand for new cement capacity in oil exporting countries has contracted. The oil importing countries, on the other hand, are benefitting from the lower oil price, however this advantage does not immediately translate into new demand for cement capacity and thus, 2015 saw relatively few orders available in the market. Although FLSmidth was awarded a fair share of the available orders, inevitably, the low tendering activity had an adverse spill-over effect on the terms and conditions attainable in the market.

The sharp decline in the oil price has not only delayed demand for new cement capacity. It severely challenges customers in countries strongly dependent on the income from oil production. This continues to impact in particular one Operation & Maintenance contract, on which FLSmidth is working closely with the customer to adapt their business and cost structure to the changed market environment.

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Overall, the pipeline for potential cement projects is similar to one year ago, but now with a higher proportion of projects in oil-importing countries. Although the global cement industry remains quite subdued, global cement consumption continues to rise and good regional opportunities persist. Overcapacity in some countries, like China, does not change the overall picture. Cement is predominantly a local or regional business and less than five percent of global cement clinker production is traded internationally[2]. With expectations of a modest growth in global cement demand excluding China in 2016, fundamentals still support a recovery of the cement industry in the next few years.

Minerals

Entering 2015, FLSmidth expected that the market for mining capex would trough in 2015 and show slow growth in 2016. Based on an increased order intake in the Minerals Division in 2015 versus 2014, 2015 could still turn out to be the trough year for FLSmidth's mining capex related activities. That said, the underlying market undoubtedly deteriorated during the year which in August led to the changed expectations that the trough in addressable mining investments for FLSmidth would be extended and that growth would not resume until the end of 2017. Current visibility is low as a result of a sustained downward pressure on commodity prices, numerous announcements of reductions in customers' capital expenditures and plans to curtail or shut down mining operations, along with uncertainty around the Chinese economy and a high level of geopolitical unrest. The short-term outlook for the minerals industry will depend on a stabilisation of commodity prices, and China's gradual transition towards a more consumption-driven growth model.

Services

Mining-related service activities will also depend on the development in commodity prices. The downward pressure on commodity prices is to a large extent caused by the industry itself as a number of mines continue to increase outputs and thereby maintain the current supply surplus for most commodities. This poses a risk to miners at the high end of the cost curve, especially if prices move rapidly downwards. For some mines, the current price level is below their cash cost of production, but at the same time many of them have a substantial potential to improve productivity, and as long as commodity prices move slowly, most operators have an opportunity to reduce cash cost of production, which represents a business potential for FLSmidth. Although we have witnessed mothballed mines and curtailed production, mining closures have been limited, and production volumes remain at a high level. As long as the amount of mine closures is confined, the minerals-related aftermarket business is expected to remain relatively resilient, although with some quarterly volatility. Thus, both the second and the fourth quarters saw deferral of spare parts purchase and maintenance into the subsequent quarter.

Overall, the market for cement services is stable. Several regions continue to show good activity, particularly in North America, Eastern Africa and Europe, while customers in most oil-exporting countries remain under pressure. In India, activity is cautiously picking up.

1) World Bank Group, Global Economic Prospects, January 2016

2) The Global Cement Report 11th edition

A sustainable business model

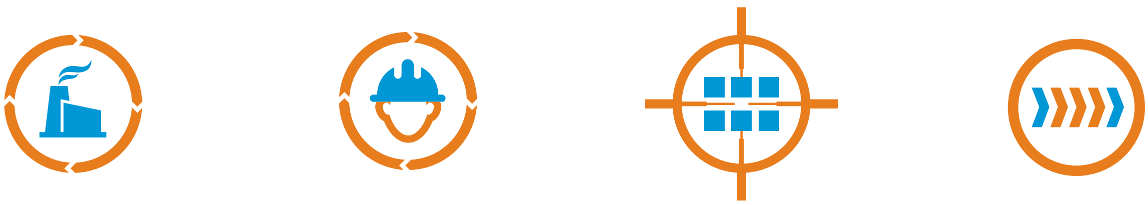
Societies all over the world are growing and becoming more economically developed. With hundreds of millions of people working their way from poverty to middle class, urbanisation and industrialisation are driving the need for infrastructure and improved living standards. Minerals and cement are essential components to fulfil this ever-greater need for civilised societies - and this demand is set to continue to grow.

Yet a number of issues are challenging the ability for the minerals and cement industries to sufficiently support the growing needs of societies around the globe. The minerals and cement industries are increasingly focused on sustainability and their responsibilities to the environment and society in general. They are faced with ever-stricter governmental regulations related to environmental aspects of the major inputs, including natural resources such as water and energy, and the environmental footprint associated with pollution and emissions. The cement industry in particular continues to be challenged by emissions restrictions. For both industries, greater scarcity of energy, water and raw materials is leading to more complex and costly operations. Successfully managing these responsibilities, as well as the obligations towards employing and developing a local workforce and providing a safe working environment, is vital to gaining local support to operate, and FLSmidth has both the experience and the technologies to help customers address the challenge. (See more about key innovations on page 30-36).

Life-cycle approach

Our 'life-cycle approach' is twofold. For the customer, it means that the focus is not entirely on the initial investment but rather on the total-cost-of-ownership. In simple words, the model is to supply the best productivity per dollar spent. Providing productivity is best achieved in close cooperation with customers, and for FLSmidth the close customer dialogue simultaneously works as a natural gateway to the sizeable aftermarket which for both cement and minerals typically represents more than 80% of the total cost of ownership over the plant life.

FLSmidth's strategy in a nutshell



Life-cycle approach | Full service provider | Focus on six key commodities | Full flow-sheet

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A sustainable business model

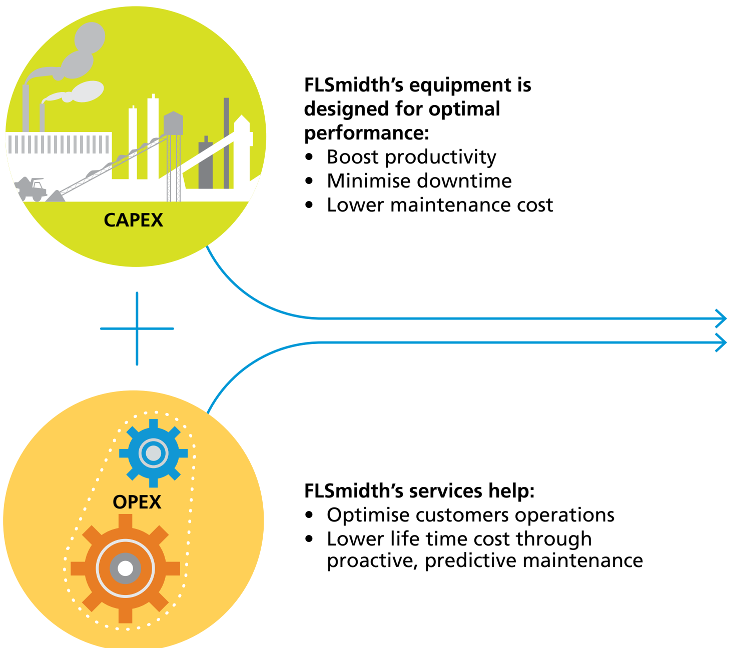
Urbanisation and industrialisation. Driving the need for infrastructure and improved living standards

Demand for cement and minerals.

Demand for FLSmidth's equipment and services.

FLSmidth's equipment and services. Contribute to a sustainable development of societies with the lowest environmental impact

FLSmidth's life-cycle approach

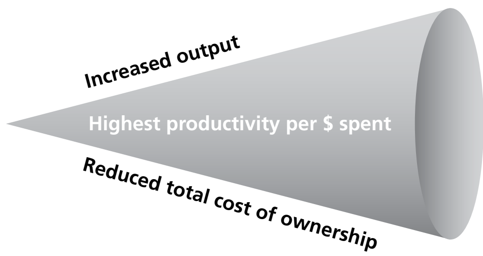


FLSmidth's equipment is designed for optimal performance:
- Boost productivity
- Minimise downtime
- Lower maintenance cost

FLSmidth's services help:
- Optimise customers operations
- Lower life time cost through proactive, predictive maintenance

Value proposition

Through our life-cycle approach we continuously strive to offer customers:



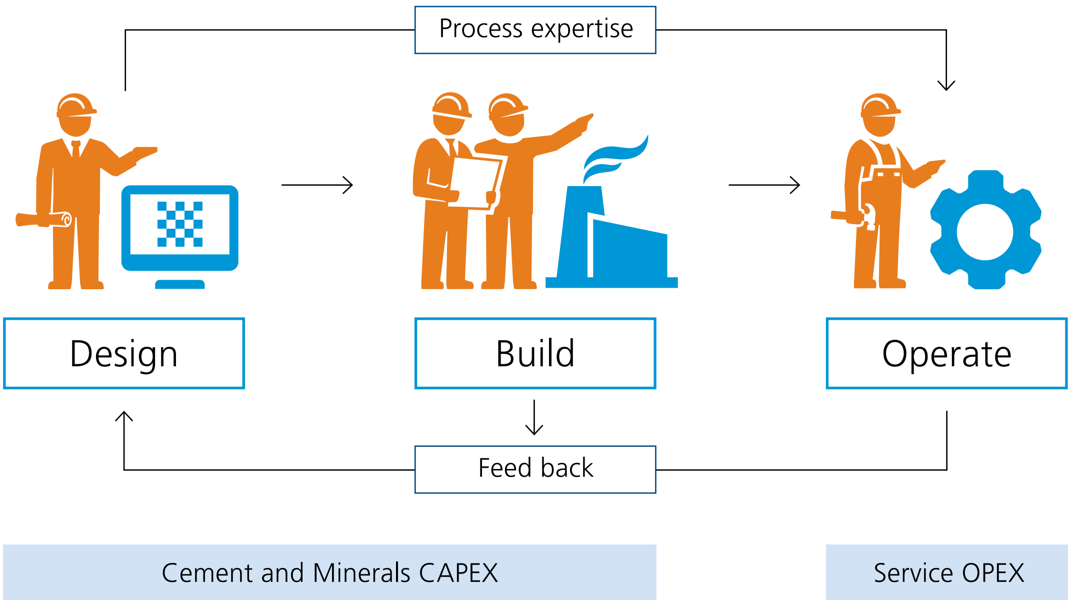
Full-service provider

Being a 'full-service provider' means supplying everything from single products and services to complete plants or production lines and full operation & maintenance solutions. This is best illustrated by FLSmidth's productivity enhancing 'Design-Build-Operate'-model, where we offer to design, build and operate customers' plants. In essence, the customer is responsible for obtaining permits, access to raw materials, power supply and sales, whereas FLSmidth builds, operates and guarantees an agreed level of production and performance. The process know-how from designing a vast number of plants is applied to ensure the most efficient plant operations, and the practical experiences from operating the plants are fed straight back into FLSmidth's product innovation which helps to shorten the time-to-market.

Focus on six key commodities

FLSmidth is a leading full-service provider of sustainable technologies within six key commodities: cement, copper, gold, coal, iron ore and fertilisers. Adjacent industries are targeted as well, where existing technologies can be applied. Examples of adjacent industries are power, steel, aggregate, chemical and other minerals such as alumina, bauxite, molybdenum, nickel, platinum and zinc.

'Full-service provider' exemplified by FLSmidth's Design-Build-Operate model



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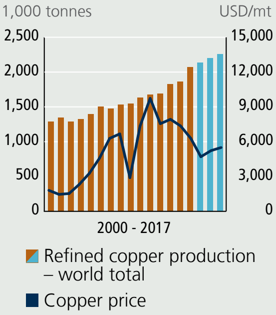
COPPER

Copper is used in building construction, power generation, consumables, and industrial machinery.

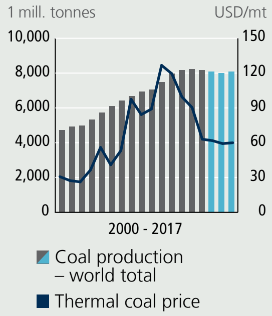


GOLD

Gold is used primarily for jewellery and investment, but also for industrial production.

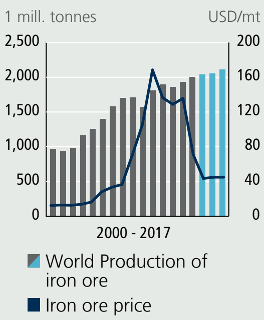
COAL

Coal is used for power generation, steel production, cement manufacturing, and as fuel.



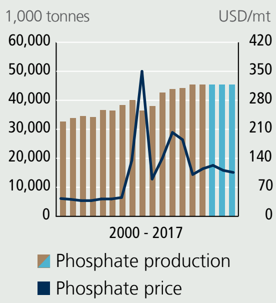
IRON ORE

Iron ore is the most used metal worldwide, primarily for construction, engineering, automotive, and machinery.

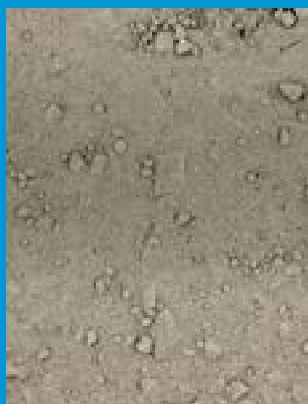


FERTILISER

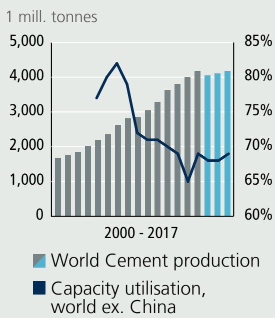
Fertiliser minerals, such as potash and phosphate, are essential to meet the global demand for food.



CEMENT



Cement is one of the world's most widely used building materials.



Source: Bloomberg, International Cement review, FLSmidth estimates.

Full flow-sheet

FLSmidth combines a strong commitment to life-cycle services with more than a century of engineering and technological leadership. A complete portfolio of core technologies and extensive process know-how enables FLSmidth to be a single source of reliable full-service solutions and expertise. To earn the status as a single source supplier, over the years, FLSmidth has developed a 'full flow-sheet' offering within both of its core industries, cement and minerals.

In cement, FLSmidth supplies the most complete array of products, systems and services, ranging from single engineered and customised equipment, such as vertical mills, kiln systems and clinker coolers, to a complete cement plant on an EPC basis (engineering, procurement and construction) coupled with a full scale operation and maintenance contract.

In mining, FLSmidth likewise supplies a complete array of products, systems and services, ranging from single engineered and customised equipment, such as ball mills, classifiers or flotation cells, to bundled equipment solutions, full production plants, and maintenance solutions. Within the mining value chain, FLSmidth is primarily active in material handling, comminution (crushing, grinding & sizing) and separation, supplemented by unique materials testing capabilities. These state-of-the-art testing facilities are used to analyse ore samples from our customers' mines which ensures an early dialogue with the customer and not least an in-depth knowledge of their material, for example the material hardness and the minerals concentration, which is used to optimise the grinding and separation process to the specific material.

Today, FLSmidth is a supplier of premium technology to the global cement and minerals industries. In minerals, however, we are investigating select opportunities to enter the midmarket segment (products designed to cost), as we expect this market segment to have the fastest growth rates over the next 5-10 years.

FLSmidth in the cement value chain

Crushing	Material handling	Raw meal grinding	Pyro processing	Clinker cooling	Clinker grinding	Cement handling & packing
• Limestone, shale and clay crushing • Hammer crushers • Impact crushers • Roller crushers	• Stackers/ Reclamers • Bucket Elevators • Pan conveyors	• Raw meal grinding • Coal grinding • Vertical mills • Ball mills • Roller presses	• Preheaters • Kilns	• Cooling of clinker • Grate coolers • Other coolers	• Clinker grinding • Roller presses • Cement mills	• Truck loaders • Palletisers • Silo equipment
FLSmidth						

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FLSmidth in the mining value chain

Exploration	Develop-ment	Extraction	Minerals material handling	Comminu-tion	Benefici-ation & Recovery	Refining & Smelting
Exploration for mineral resources • Remote sensing • Geophysical / geochemical tests • Samples Feasibility studies	Drilling and modeling of the ore body Selection of appropriate mining technique Capital invest-ment in mine infrastructure	Mining of the ore body Rock breaking Surface mining Underground mining	Mined ore minerals trans-ported to and within process-ing site Use of loaders, trucks, crushing stations and mobile conveyors	Mined ore materials are crushed, screened and ground to achieve finer particles Particles sized for optimum recovery of mineral species	Flotation, leaching, sedimentation, dewatering and filtration are used to increase the minerals content to an economic level	Refining to increase concentration of minerals/ metals further. Key techniques: • Pyro – metallurgy • Electro – winning

FLSmidth

FLSmidth

Providing productivity

FLSmidth's life-cycle approach helps customers to reduce emissions, lower operating costs and enhance productivity based on a unique combination of key products, process know-how and service solutions.

FLSmidth has an excellent track record of reliability, time-to-market and project follow-through. By uniting a heritage of engineering/project competencies with in-house key products and a full range of services, FLSmidth is ideally positioned to offer customers the best solutions to improve productivity – and productivity will be the critical success factor in the years to come. In the cement industry, productivity has been top of the agenda for several years already. The minerals industry, on the contrary, saw more than a decade of predominant capacity focus and only a few years ago, focus shifted back towards productivity improvement. FLSmidth has the ideal set-up to meet the changing demand, and is making significant investments in people and R&D to become even better.

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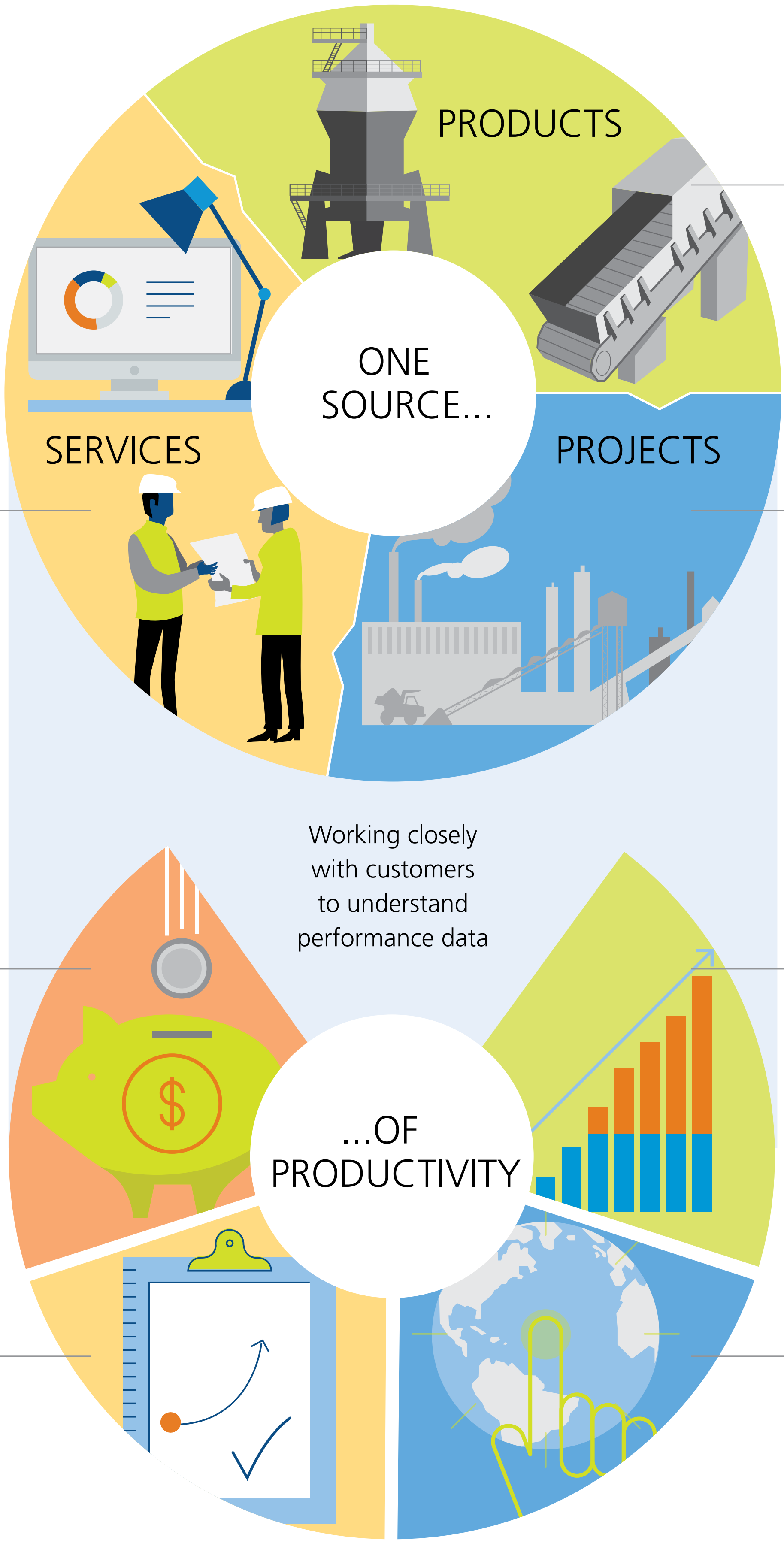

Market leading key products

Parts, services and maintenance

Customised equipment, complete plants and full Operation & Maintenance

Reducing total cost of ownership

Boosting productivity and maximising return on assets

Providing uptime and performance guarantees

Minimising impact on society and environment.

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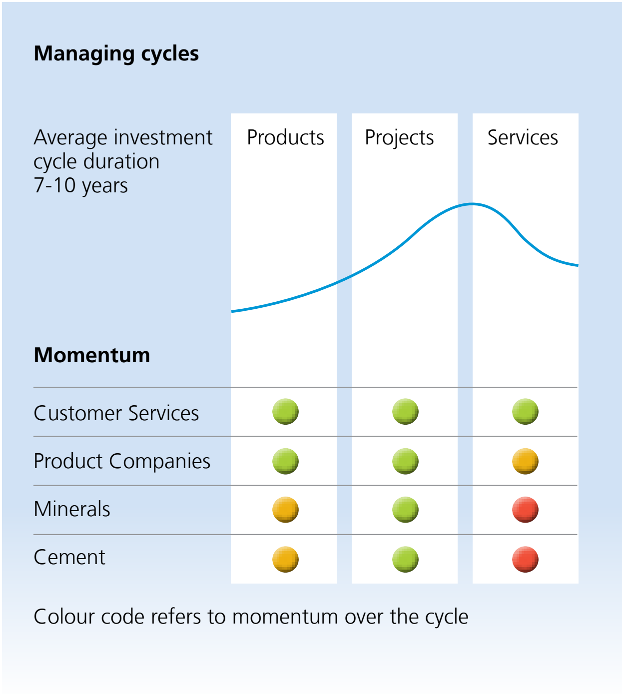
Managing cycles

The longer term outlook for cement and minerals is still encouraging and FLSmidth is well positioned to benefit from both mid- and long-term structural growth opportunities. However, both industries are cyclical by nature – particularly with regard to investments in new capacity, although they don't follow exactly the same cycle. FLSmidth's business model is engineered to account for that. A dynamic business model with outsourced manufacturing and a flexible cost structure, resulting in a high cash conversion, allows FLSmidth to manoeuvre safely through the cycles. Furthermore, a growing service business (~50% of today's business) reduces the cyclicality of the entire Group as the service business is more resilient and stable by nature.

The business model and organisational structure enables FLSmidth to manage and leverage the full potential of the cycle. Each part of the cycle has a prime time for product business, project business or service business, and FLSmidth has a strong offering in each subpart of the cycle.



Customer base

FLSmidth has a diversified customer base composed primarily of global and regional cement and mining companies that invest in new capacity or in expanding, upgrading, maintaining and servicing existing production capacity. FLSmidth has a vast experience of working with a broad range of customers in almost any country in the world.

Mining customers consist of both global mining majors and smaller regional players, the latter accounting for the majority of minerals-related project sales, whereas global mining majors account for a considerably higher share of FLSmidth's minerals-related aftermarket business.

Both global cement majors and local or regional mid-sized players are typical customers of FLSmidth, though the latter account for the majority of cement-related project sales, whereas global cement majors account for a considerably higher share of FLSmidth's cement-related aftermarket business.

Synergies between cement and minerals

While cement and mining are distinct industries, there are considerable commonalities and synergies between the two, and FLSmidth has the unique advantage of being able to share resources and best practices across the two businesses.

First, there is a significant technology overlap. Several of the products used in each of the industries are either identical or very similar, for example crushers, mills and material handling equipment. Second, FLSmidth supplies large projects in both cement and minerals, and the project management skills needed (process know-how, risk management, procurement, etc.) are largely the same. FLSmidth has a large shared services set-up in Chennai, India with more than 2,200 people servicing the global organisation with shared resources for Engineering, IT, HR and Finance. Also with respect to customer services, FLSmidth's minerals and cement businesses can benefit from one another's experience as customers in both industries increasingly look for productivity enhancing services. Last, but not least, cement and minerals take advantage of a shared global supply chain and joint production facilities.

Business-model-driven organisation

FLSmidth's divisional structure is optimised to increase operational efficiency through:

- Homogeneous business models and KPIs within divisions
- Segmented customer approach
- Distinct management skills and competencies
- Low complexity and high transparency

The divisional offerings and key characteristics are outlined for each of the four divisions in the following:

Customer Services

Business model

The Customer Services Division provides a full suite of parts, services, and maintenance solutions to the global cement and minerals industries. The go-to-market model is mainly local direct sales on the basis of more than 100 warehouses, service, and support centres worldwide. Customer intimacy is a top priority with most of the 4,731 employees in direct customer contact. This global set up allows FLSmidth to target and address different geographies and customer needs with specific skills and best practices and thereby supports the divisional vision of being best in class in maximising customers' productivity and return on assets.

With these endeavours in mind, a full array of services before, during and after delivery of new plants and equipment is offered. The composition of the business is roughly 75% parts, 15% services and 10% maintenance - with most manufacturing outsourced. Today, FLSmidth has a low share of wear parts sales, but it is the ambition to grow the wear parts business to more than 10% of the division's revenue - not least as a means to ensure more frequent customer interaction.

The significance of the aftermarket is obvious as the initial investment in new equipment typically accounts for less than 20% of the total life-cycle cost. The service business is characterised by mainly smaller orders tied to customers' production volumes rather than new investments which makes it a relatively resilient business over the cycle with stable high margins.

The key challenge in Customer Services is to run with an optimised level of net working capital. The net working capital must be low enough to ensure that customer services supports the group target on return on capital employed but high enough to secure quick deliveries of critical parts and services. FLSmidth will continue to develop its excellence in logistics and inventory management to maintain a strong competitive position versus other large suppliers and local workshops.

Customer Services in a nutshell

Type of business	Spare parts Services Maintenance	~75% ~15% ~10%	Our excellence	• Inventory • Logistics • Speed • Maintenance
Business characteristics	Small orders, stable high margins, growth		Business model	Local direct sales, warehouse, service & supports centres, mostly outsourced manufacturing

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Product Companies

Business model

The Product Companies Division hosts a diverse portfolio of relatively standardised market leading product brands, applied in cement, minerals and adjacent industries, each of which represents roughly one-third of sales. The division consists of nine product companies with individually integrated business models. The 3,325 employees are located around the world with the majority in Australia, Denmark, Germany, Italy, South Africa, Poland, India and the USA. Most assembly and part of the manufacturing take place in-house with primary production sites located in China, India and Poland. The division also hosts the Group's global centre of excellence for supply chain and quality.

Most of the product companies' business consists of original equipment, spare parts and related services, making it less cyclical than the project divisions and with higher, more stable margins. It is the ambition to have a service share of more than 50% of revenue throughout the cycle and a market leading position in all targeted segments.

Product Companies sell mostly local, direct to external customers (~80% external sales in 2013-2015), whereas the remainder of the business is made up of internal sales, mainly to the Cement and Minerals divisions. Some product companies have been developed organically, while others have been acquired. However, the businesses as a whole have not fully realised their potential, and consequently, the vision of Product Companies is to expand the leading niche products to their full global potential. Focus is on developing or sustaining product leadership positions, leveraging sales opportunities, and managing net working capital while acknowledging that a certain level of inventory is a prerequisite to make business happen with competitive lead times.

The division's nine product companies are diverse in the sense that some offer primarily systems while the majority offer products with a focus on either assembly or manufacturing. However, they share some important characteristics which makes it ideal to host them in the same division. They all have agile business models with niche market leadership, integrated R&D and short time-to-market. They all have high service content and they all generate most sales outside of FLSmidth. Nonetheless, they all possess key equipment for the flow-sheets in FLSmidth's two core industries, cement and minerals. Finally, they share the same ambition and potential to grow in their core markets as well as adjacent industries where existing technologies can be applied.

Product Companies in a nutshell

Type of business	Relatively standardised and market-leading product range ~50% aftermarket	Our excellence	• Product leadership • Market coverage • Assembly/Manufac. • Inventory • Speed
Business characteristics	Stable high margins, original equipment & spare parts	Business model	Mostly local direct sales, integrated value chain, in-house assembly / manufacturing

Minerals

Business model
The Minerals Division is a leading provider of mineral processing and material handling technology and solutions to the global minerals industry. It employs 1,881 people predominantly located in technology and project centres in USA, India, South Africa, Chile and Australia. Throughout 2015, the division has worked tirelessly on executing right-sizing and optimisation initiatives to adjust the business to the cyclical downturn.

The Minerals Division delivers premium engineered and customised single products, EPS (engineering, procurement, and supervision) projects, and EPC (engineering, procurement and construction) projects to the global mining industry. As an OEM (Original Equipment Manufacturer) supplier with a focus on large scale engineered products and projects, the business model is structured around regional sales, engineering, and centralised execution hubs, while most manufacturing is outsourced.

For the minerals industry, recovery of usable ore is becoming increasingly difficult as the quality of the ore grade is decreasing. Mining companies are faced with more complex extraction activities, often in remote destinations and in challenging climates, all of which is complicating miners' operations. To facilitate our customers' productivity and sustainability needs, and to help customers recover ore otherwise deemed unusable, the Minerals Division increasingly focuses on process expertise, increased water recovery, dry stacked tailings and waste handling systems, and innovations surrounding energy efficient comminution and flotation technologies.

Projects are by nature a low margin business, however with the potential for operational leverage when project business is predominant in the business cycle, and the business should run with negative net working capital, ensuring good returns throughout the cycle. Additionally, Minerals generates business for the Product Companies Division and provides an installed base for the Customer Services Division. Across the three divisions, FLSmidth supports its customers with the ultimate productivity enhancing solutions and full flow-sheet offerings, providing a strong competitive platform.

Minerals in a nutshell

Type of business	Engineered, customised single products EPS projects EPC projects	Our excellence	• Project execution • Procurement • Full flow-sheet offering • Engineered products
Business characteristics	Cyclical business, large orders, negative NWC, low margins	Business model	Global direct sales OEM supplier / technology provider In-house R&D and engineering Outsourced manufacturing

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Cement

Business model

The Cement Division is the market leader of premium technology and process solutions to the global cement industry, and FLSmidth has delivered more cement plants in the world than anyone else. Accordingly, the division's 2,793 employees constitute a truly global organisation with local presence and technology centres predominantly in Denmark, USA and India.

The Cement Division is structured around global direct sales and in-house R&D and engineering with most manufacturing outsourced. Cement is mainly a local or regional business with customers scattered around the globe which is reflected in the divisional set-up.

The Cement Division is cyclical by nature, with an emphasis on large engineered orders delivering low margins, however with the ability to generate high returns as a result of negative net working capital. Additionally, Cement generates business for the Product Companies Division and provides an installed base for the Customer Services Division.

Cement excels in sublime project execution and procurement, and benefits from the most complete product portfolio in the industry. However, growth in new projects is currently challenged by tough market conditions and intense competition. To counter this, FLSmidth has enhanced its internal EPC capabilities as well as partnerships with third party construction companies. Further, the Cement Division hosts the Operation & Maintenance business which combined with EPC projects constitute a key differentiator for the industry, referred to as the 'Design-Build-Operate'-model (see the 'Full-service provider' section on page 18 for additional information).

Cement in a nutshell

Type of business	Engineered, customised single products EP projects EPC projects Operation & Maintenance	Our excellence	• Process expertise and project execution • Procurement • Full flow-sheet offering • Engineered products
Business characteristics	Cyclical business, large orders, negative NWC, low margins	Business model	Global direct sales OEM supplier / technology provider In-house R&D and engineering Outsourced manufacturing

Resource productivity in focus

FLSmidth's future economic results are not dependent on the success of single innovations but on the continued stream of new developments to enhance our existing strong offering. In 2015, FLSmidth spent DKK 263m on R&D to ensure environmentally sound solutions to the challenges faced by our customers.

The current cycle is predominantly about productivity, driven by innovation and people competencies. Instead of merely buying equipment or islands of equipment, customers buy performance. We increasingly develop solutions together with our customers or form partnerships with other industry process leaders, most recently world leading chemical company BASF, to ensure a targeted co-development process with rapidly commercialised products.

The combination of FLSmidth's technical knowledge with best practices in operations enables us to offer industry leading service programs that bring us closer to our customers, and enable us to continuously develop the leading technologies and equipment critical for the process flow. We work closely with customers to establish best practices, streamline processes and automate workflows, getting the most out of their production.

Energy

Industry challenge: Urbanisation increases waste

Urbanisation and industrialisation are driving the need for infrastructure, housing and improved living standards, and by that cement. However, growing cities and growing middle classes also produce increasing amounts of household waste and industrialisation means increasing amounts of industrial waste.

Most of this waste ends up either in landfills or in unregulated heaps outside cities, where it gives off methane as it decomposes, and contaminates the soil and groundwater. Some cities are burning the waste, however, older incinerators are not burning cleanly and the conditions and emission abatement (air pollution control) technologies are not sufficient to avoid toxic dioxin pollutants. A poorly run incinerator replaces one environmental problem with another.

Cement plants could be used as incinerators, using household- and industrial waste as an alternative energy source. A cement kiln would be a safe solution for societies to get rid of hazardous waste under strictly controlled conditions as the 1,450 °C eliminate toxic emissions. All major cement producers have set ambitious goals of lowering operating cost and reducing their CO_2 footprint, and the cement industry is increasingly using alternative fuels like household or industrial waste - with some cement producers substituting 100% of their traditional energy.

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Solution: JETFLEX™ burner

In 2015, FLSmidth continued to develop its lead within pyro technology with the JETFLEX™ burner for alternative fuels, expecting to have results from large-scale tests in Q1 2016. The JETFLEX™ burner allows cement producers to substitute a larger share of their thermal energy consumption (traditionally coal) with waste-derived fuel, and thereby realize substantial cost savings and reductions in CO_2 emissions. The JETFLEX™ burner offers increased flexibility to better match the requirements of varying fuel quality, and thereby achieve a higher fossil fuel substitution.

- Fuel cost savings of between 10-20% of the total fuel costs, representing around 60% of the cement producers' total operating costs.
- Operational cost reduction by lowering the total plant energy consumption by up to 1% - which for a typical customer adds up to EUR 50-100,000 per year.
- The burner design helps reduce the internal wear, and thus contributes to increasing availability and reducing overall maintenance costs of the burner.

Fuel cost savings of between 10-20% of the total fuel costs, representing around 60% of the cement producers' total operating costs

CO_2

Industry challenge: 5% of global CO_2 emissions come from cement production

The cement industry is highly energy-intensive, representing 2% of the global energy consumption. The industry accounts for 5% of global CO_2 emissions, as 1 kg of cement produced generates 0.8-0.9 kg CO_2. The increasing demand for cement will continue and is driven by industrialisation, urbanisation and growing middle classes – creating a need for technologies capable of lowering CO_2 per tonne of cement produced.

50% of the CO_2 emitted during cement production originates from the chemical process called calcination, i.e. when limestone (calcium carbonate) is heated and broken down into calcium oxide and CO_2. Another 40% comes from the burning of fuels needed for pyroprocessing and the remaining 10% comes from the electricity used to power additional plant machinery and processes.

Currently, the price per emitted tonne of CO_2 under the EU Emissions Trading System (EU ETS) system is at a historical low, however, governments are increasingly interested in reducing CO_2, and cement producers receive emission allowances from governments and EU subsidies for implementing CO_2 and energy reducing initiatives.

Solution: Low CO_2 cement and QCX/BlendExpert

FLSmidth has successfully concluded a 5-year project in collaboration with Aarhus University, Aalborg University and Aalborg Portland on developing high quality low-CO_2 cement based on calcined clay. Local clay variants can replace up to 1/3 of the clinker in the traditional cement.

- The effect is a significant CO_2 reduction of 25% per ton cement produced, due to less CO_2 emissions from the calcination process and substantial savings in thermal energy (depending on the moisture content of the clay raw material).
- This significantly lowers the operating costs – and the initial investments are maintained low by using FLSmidth's flash calciner technology or adapting existing rotary kilns to produce calcined clay.

Within automation, FLSmidth released its QCX/BlendExpert software for optimising the blending of cement raw materials. The software enables an increased use of cost-efficient additives replacing raw materials, while maintaining quality. This effect is:

- Fuel savings of up to 1.5%
- Greenfield plant reduction of silo capacity by ~30%.

The effect is a significant CO_2 reduction of 25% per ton cement produced, due to less CO_2 emissions from the calcining process and substantial savings in thermal energy

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Water & pollution

Industry challenge: When water is both a scarcity and a threat

Mining operations are often located in remote regions with no easy access to water; around half of all copper mines are located in areas of moderate to high water scarcity. The process water needed for a large copper mine is around 900,000 m^3/day which means that mining operators have to desalinate seawater with high investment costs and high energy costs to pump the water from the coast up to a mine often at several kilometres above sea level.

After use, the process water ends up in giant mine dumps called tailings ponds used to store the waste deriving from separating minerals from rocks. Worldwide, there are around 3,500 tailings ponds of varying sizes – 50 million m^3 is not an unusual size. The polluted tailings ponds are a risk to the ground water as well as the surrounding environment and villages. Worldwide, there are several tailings dam breaches every year.

Solution: Colossal AFP filter model 2040 - Dry Tailings System

FLSmidth has pilot tested a new filter in collaboration with a customer at a copper mine in the driest dessert in the world, the Atacama Desert in Chile. The FLSmidth filter solution will enable the mine to reuse 80% of its process water. The technology was proven, but the size and capacity were significantly increased: With an area of two Olympic-sized swimming pools, the new filter is the largest filter for water recovery ever used in the industry, twice the size of any other filter on the market:

- The new filter is capable of discharging 20,000 tons of filter cake and recovering 5,000 m^3 of process water - or what equals six Olympic-sized pools - every day. The filter is part of the combined solution, recovering a total of 80% of the process water.

- Additionally, by dewatering the processed ore waste rock, the filter solution allows the tailings to be dry-stacked. This allows the polluted tailings to be disposed of in an environmentally safe way, making it possible to rehabilitate the site. This also eliminates the long-term liability that ponds leave after mining is finished.

FLSmidth's AFP filter is capable of discharging 20,000 tons of filter cake and recovering 5,000 m^3 of process water - the equivalent of six Olympic sized pools - every day

Ore quality

Industry challenge: Transition from oxide to sulphide copper ore

A copper mine is like an enormous inverted cone and the top 5-40 meters consists of oxide copper ore that is processed with existing heap leach technology and solvent extraction and electro-winning (SX/EW) equipment. The heap leach operation needs to be consistent and sufficient enough to pay for the investments in the mining equipment for the not so easily accessible deeper lying sulphide copper ore. The challenge for the heap leach operations is that the amount of copper in the oxide copper ore heap is decreasing as copper is dissolved with acid, which means decreasing utilisation of the SX/EW equipment and a decreasing revenue.

The ROL process enables the copper industry to get more out of existing capacity with an unprecedented efficient process to handle difficult ore

Solution: FLSmidth® Rapid Oxidative Leach process

In May, FLSmidth announced a technological breakthrough with the FLSmidth® Rapid Oxidative Leach (ROL) process that enables the copper industry to maximise the use of existing SX/EW capacity – and thereby ensure revenue to support continued operation in the economically challenging transition from heap leaching of oxide ore to mining of sulphide ore.

- The ROL process is easy to install and only requires a low initial investment. It serves as a means to maximising production and improving performance during a downturn, thus ensuring maximum revenue with existing equipment.

- By leaching low to mid-grade sulphide concentrates, the pregnant liquor solution (PLS – solution containing concentrate) from the ROL process can be blended with the PLS from heap leach and thereby allow maximum cathode copper production during the transition from oxide to sulphide ore.

- The ROL process is crucial for the large amount of copper mines in cold climates that usually has to shut down up till 4 months every year, making it an economical challenge for miners to operate their mines. The reason is that in winter, the concentrated liquid nears 0 °C, causing the solvent used to extract copper to become vicious and preventing the copper from being extracted. With the warm concentrated liquid from the ROL process, equipment installed in very cold climates is now able to operate efficiently throughout the year.

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Ore quality

Industry challenge: Arsenic will threaten future copper mines

For the minerals industry, recovery of usable ore is becoming increasingly difficult as the quality of the ore grade is decreasing and many of the remaining high grade deposits are laced with high levels of toxic impurities like arsenic. This requires costly cleaning as arsenic is a health and safety risk for copper smelters and most smelters will not process material containing 0.5 wt. percentage arsenic in copper concentrate.

This is not only a challenge for new operations, but also for existing mines as they increasingly encounter higher arsenic levels or other impurities as they exploit more marginal sections of their deposits.

On the opportunity side: copper minerals high in arsenic content are typically associated with high amounts of gold that is potentially an additional source of revenue for copper producers. However, copper must first be separated from gold as chemicals used to dissolve gold also react with copper, making gold recovery uneconomical. It is necessary to sequentially separate copper first as a product, then arsenic as an impurity, and finally the gold and silver from the leach residue, because the copper arsenic mineral encapsulates the gold, and the gold cannot be dissolved until the copper arsenic mineral is dissolved.

Solution: Co-development of ROL with BASF

FLSmidth and the world's largest chemical producer BASF entered a joint development agreement for further developing the FLSmidth® Rapid Oxidative Leach process targeting copper ore deposits laced with arsenic.

BASF is the industry leader within chemical inventions for the copper industry and FLSmidth has the leading equipment and process technology. FLSmidth focuses on the leach technology, while BASF focuses on the solvent extraction of copper and potentially extraction of other impurities allowing quality copper cathode to be produced by electro-winning.

- The FLSmidth ROL process dissolves copper and impurities from primary sulphide ores to produce a pregnant liquor solution (PLS).
- BASF's technology efficiently extracts copper from the PLS.
- The process allows the remaining arsenic to be separated (for safe disposal) so that precious metals like gold and silver can be economically recovered from the leach residue.
- With this technology, FLSmidth will be active in the entire value chain in copper processing from feasibility studies to cathode copper production (99.9% Cu).

The collaboration with BASF will make it economically feasible for miners to refine copper highly polluted with arsenic – and get access to recover precious metals like gold and silver from the residues

Service

Industry challenge: A decade of decrease in productivity

During the past decade, mining companies have invested heavily in ramping up production volumes to meet the demand created by the commodities boom driven by China. However, with the focus on increasing volumes, productivity in the same period decreased by 28%[1].

Following the slowdown of the Chinese economy, the mining industry has been cost-cutting, deferring investments in equipment and creating a backlog of maintenance. The industry focus has turned to increasing productivity; producing at the lowest possible cost per ton. This radical change of investment focus has increased industry interest in predictive maintenance in order to increase utilisation rates and minimise downtime. Operation and maintenance costs (OPEX) for both the minerals and cement industry is typically more than 80% of the total cost of ownership over plant life.

Solution: Remote support and intelligent wear parts

Within the service business, FLSmidth in 2015 launched the concept of operational partnership packages, the first one together with the second largest cement producer in the world, Heidelberg.

- The service package consists of FLSmidth's global team of specialists functioning as back-office for the Heidelberg operators and process engineers, ensuring a continuous optimisation of the operational performance of the plant.

In addition, FLSmidth developed FerroCer, a composite tile of steel and ceramic components:

- FerroCer increases wear resistance by 400% compared to traditional wear solutions, thereby reducing maintenance downtime and operational expenses.

FerroCer increases wear resistance by 400% compared to traditional wear solutions, thereby reducing maintenance downtime and operational expenses

[1] Source: McKinsey

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Management's Review

Challenging market conditions impacted the financial performance in 2015. Reported revenue and earnings were in line with the latest Group guidance. Order intake increased 7%, supported by currency developments. Highest free cash flow in six years owing to the divestment of Cembrit. Reduction in net debt of DKK 0.9bn brings the capital structure on target. The guidance for 2016 reflects high market volatility and low visibility.

Financial developments in Q4 2015

Weak order intake in line with same quarter last year, reflecting customers' focus on cash preservation at year-end. Earnings reflect high volatility and uncertainty related to oil exporting countries and were impacted by one-off costs of DKK -89m in Q4 2015 related to market developments. Marginal improvement in net working capital and a positive free cash flow led to a further reduction in net interest bearing debt.

Developments in total service activities

Total service activities in FLSmidth embrace the entire Customer Services Division, Operation & Maintenance contracts (now part of the Cement Division), and the whole service and aftermarket part of the Product Companies Division. Order intake related to total service activities increased 2% in Q4, accounting for 62% of order intake (Q4 2014: 60%).

Group (continuing activities)

DKKm	2015	2014	Change (%)	Q4 2015	Q4 2014	Change (%)
Order intake (Gross)	**18,490**	**17,267**	7%	**3,691**	**3,734**	-1%
Order backlog	**14,858**	**17,726**	-16%	**14,858**	**17,726**	-16%
Total revenue	**19,682**	**20,499**	-4%	**5,297**	**5,627**	-6%
Gross profit	**4,946**	**5,125**	-3%	**1,255**	**1,265**	-1%
Gross profit margin	*25.1%*	*25.0%*		*23.7%*	*22.5%*	
EBITDA	**1,878**	**2,106**	-11%	**463**	**493**	-6%
EBITDA margin	*9.5%*	*10.3%*		*8.7%*	*8.8%*	
EBITA	**1,582**	**1,823**	-13%	**384**	**419**	-8%
EBITA margin	*8.0%*	*8.9%*		*7.2%*	*7.4%*	
EBIT	**1,141**	**1,416**	-19%	**279**	**274**	2%
EBIT margin	*5.8%*	*6.9%*		*5.3%*	*4.9%*	
Number of employees (Group)	12,969	14,765	-12%	12,969	14,765	-12%

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Revenue related to total service activities was unchanged in Q4, accounting for 53% of Group revenue (Q4 2014: 50%).

Quarterly order intake and order backlog

Order intake in Q4 2015 amounted to DKK 3,691m, representing a decrease of 1% (Q4 2014: DKK 3,734m). Although the order intake was nearly on par with last year, it was sequentially down, reflecting high geo-political uncertainty and lengthy decision-making and lack of large orders. Foreign exchange translation effects had a positive impact of 4%. Organic growth was -5%.

Order intake developments in Q4 2015

Order intake (vs. Q4 2014)	Customer Services	Product Companies	Minerals	Cement	FLSmidth Group
Organic growth	-1%	3%	3%	-31%	-5%
Currency	6%	2%	1%	3%	4%
Total growth	**5%**	**5%**	**4%**	**-28%**	**-1%**

No large capital orders were announced in Q4 2015. The only announced order was a five-year maintenance service contract from the Chilean copper producer, Minera Doña Ines de Collahuasi.

The order backlog for the Group decreased to DKK 14,858m, 16% down compared to the same period last year (end of 2014: DKK 17,726m), and 11% lower than the previous quarter (end of Q3 2015: DKK 16,666m).

The decline in Q4 was explained by revenue exceeding order intake by some DKK 1.6bn.

Quarterly revenue and earnings

Revenue decreased 6% to DKK 5,297m in Q4 2015 (Q4 2014: DKK 5,627m) as a consequence of the low order intake in Minerals and Cement the past couple of years. Organic growth was -11%, particularly related to Minerals and Cement.

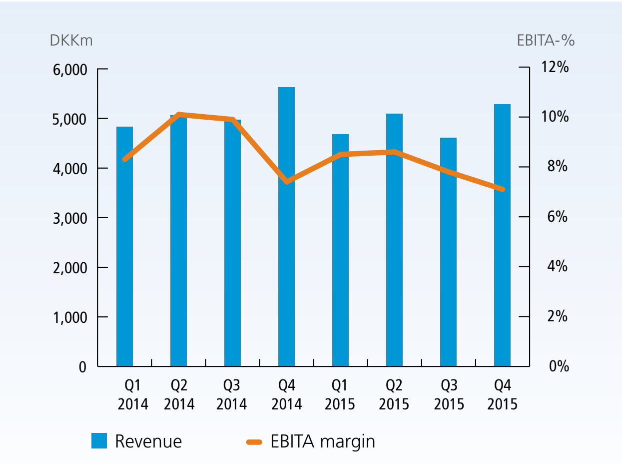
Revenue developments in Q4 2015

Revenue (vs. Q4 2014)	Customer Services	Product Companies	Minerals	Cement	FLSmidth Group
Organic growth	-7%	-2%	-25%	-15%	-11%
Currency	6%	4%	5%	5%	5%
Total growth	**-1%**	**2%**	**-20%**	**-10%**	**-6%**

The *gross profit* amounted to DKK 1,255m (Q4 2014: DKK 1,265m), corresponding to a gross margin of 23.7%, which is up from last year (Q4 2014: 22.5%). Gross profit in the quarter was impacted by one-off costs of DKK -64m related to efficiency improvement initiatives and business right-sizing including discontinuation of a product line as well as costs related to O&M contracts in oil-exporting countries. (Q4 2014: DKK -121m of which DKK -73m were related to now discontinued O&M contract in Nigeria). Adjusted for one-off costs, the gross margin was 24.9% (2014: 24.6%).

Quarterly order intake

Quarterly revenue and EBITA margin



Q4 2015 saw total research and development expenditures of DKK 75m (Q4 2014: DKK 83m), representing 1.4% of revenue (Q4 2014: 1.5%), of which DKK 7m was capitalised (Q4 2014: DKK 25m) and the balance reported as production costs. In addition, project financed developments are taking place in cooperation with customers and reported as regular production costs.

Sales, distribution and administrative costs, and other operating income, etc. amounted to DKK 792m (Q4 2014: DKK 772m) equivalent to 15.0% of revenue (Q4 2014: 13.7%). The increase compared to the same period last year is related to one-off costs of DKK 25m and currency developments of DKK 41m. The one-off costs related to bad debt provisions and business right-sizing of DKK -54m were partly offset by a gain of DKK 29m related to sale of property.

Earnings before interest, tax, depreciation and amortisation (EBITDA) decreased 6% to DKK 473m (Q4 2014: DKK 493m), corresponding to an EBITDA margin of 8.7% (Q4 2014: 8.8%).

Depreciation and impairment of tangible assets amounted to DKK -73m (Q4 2014: DKK -76m).

Earnings before amortisation and impairment of intangible assets (EBITA) amounted to DKK 384m (Q4 2014: DKK 419m), corresponding to an EBITA margin of 7.2% (Q4 2014: 7.4%).

The EBITA result in Q4 2015 was impacted by one-off costs of DKK -89m, of which DKK -48m concerned costs and provisions related to one O&M contract in an oil producing country. The underlying EBITA result in Q4 2015 was DKK 473m, equivalent to an EBITA margin of 8.9% (Q4 2014: 10.1%).

Amortisation and impairment of intangible assets amounted to DKK -105m (Q4 2014: DKK -145m) of which the effect of purchase price allocations related to acquisitions accounted for DKK -71m (Q4 2014: DKK -76m).

Earnings before interest and tax (EBIT) increased 2% to DKK 279m (Q4 2014: DKK 274m), corresponding to an EBIT margin of 5.3% (Q4 2014: 4.9%).

Financial income net amounted to DKK -175m in Q4 2015 (Q4 2014: DKK 67m). This amount includes foreign exchange and fair value adjustments of DKK -153m (Q4 2014: DKK 85m). Financial costs were adversely impacted by termination of ineffective hedges as well as emerging markets currency volatility.

Earnings before tax (EBT) decreased to DKK 104m (Q4 2014: DKK 341m), and tax for the period amounted to DKK -40m (Q4 2014: DKK -155m).

Profit from discontinued activities amounted to DKK -41m (Q4 2014: DKK 60m), and profit for the period decreased to DKK 23m (Q4 2014: DKK 246m).

One-off costs (DKKm)	**Q4'15**	**Q4'14**	**2015**	**2014**
Efficiency programme/Business right-sizing	-70	-28	-151	-88
Gain on assets sold	29	0	34	0
Costs & provisions related to O&M contracts	-48	-90	-121	0
Bad debt provisions Q2'15 (Chapter 11 filings)	0	0	-83	0
Other	0	-29	0	-87
Total one-off costs	**-89**	**-147**	**-321**	**-175**
Impact on Gross profit	-64	-121	-201	-57
Impact on SG&A costs	-25	-26	-120	-118
Gross margin *reported*	*23.7%*	*22.5%*	*25.1%*	*25.0%*
Gross margin *adjusted for one-off costs*	*24.9%*	*24.6%*	*26.2%*	*25.3%*
SG&A ratio	*15.0%*	*13.7%*	*15.6%*	*14.7%*
SG&A ratio *adjusted for one-off costs*	*14.5%*	*13.3%*	*15.0%*	*14.2%*
EBITA margin *reported*	*7.2%*	*7.4%*	*8.0%*	*8.9%*
EBITA margin *adjusted for one-off costs*	*8.9%*	*10.1%*	*9.7%*	*9.7%*

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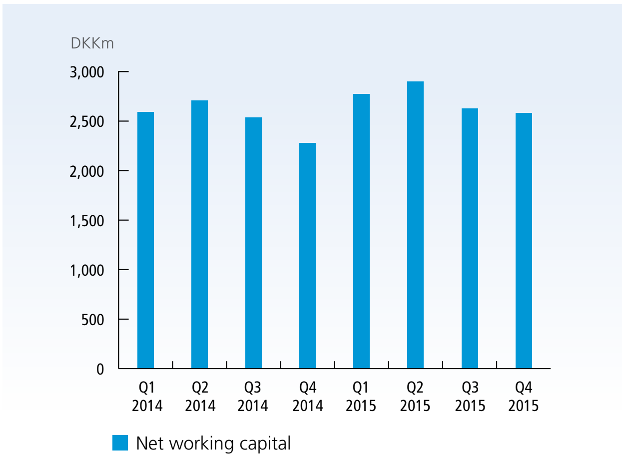
Quarterly cash flow developments and net working capital

Cash flow from operating activities amounted to DKK 148m in Q4 2015 (Q4 2014: DKK 739m), of which DKK 333m were related to continuing activities.

Net working capital for the continuing activities decreased sequentially by DKK 43m in the fourth quarter to DKK 2,583m (Q3 2015: DKK 2,626m) despite a positive currency effect of DKK 70m, which means that there was an underlying improvement of DKK 113m in the quarter. The improvement originated predominantly from net work-in-progress, inventory and trade payables, however partly offset by a decrease in net prepayments and an increase in trade receivables. Thus, the high revenue in Q4 was a result of a lot of shipments and invoicing, which meant that significant amounts of work-in-progress were advanced to trade receivables and trade payables in the quarter.

Cash flow from investing activities amounted to DKK 20m in Q4 2015 (Q4 2014: DKK -217m), of which DKK 52m was related to disposal of property. The free cash flow (cash flow from operating activities less cash flow from investing activities) amounted to DKK 168m in Q4 (Q4 2014: DKK 522m).

Quarterly net working capital



Financial results for 2015

Growth efficiency

Declining commodity and oil prices had a detrimental impact on investments in the cement and minerals industries in 2015. As a consequence, anticipated new orders were delayed which had an adverse impact on both order intake and revenue. Order intake increased 7% in 2015, while revenue declined 4%. Both were positively impacted by currency translation effects, which meant that revenue came out at the top of the guided range. The Customer Services and Product Companies divisions have been fairly resilient, however not immune, to market headwinds.

Developments in total service activities

Total service activities in FLSmidth embrace the entire Customer Services Division, Operation & Maintenance contracts (now part of the Cement Division) and the whole service and aftermarket part of the Product Companies Division. Order intake related to total service activities was unchanged in 2015, accounting for 52% of Group order intake (2014: 56%). Revenue related to total service activities increased 7% in 2015, accounting for 55% of Group revenue (2014: 50%).

Order intake and order backlog

The *order intake* increased 7% to DKK 18,490m (2014: DKK 17,267m) due to a positive impact from currency translation of 9%. Organic growth was -2%, which is explained by declining order intake in Cement and Customer Services.

Order intake developments in 2015

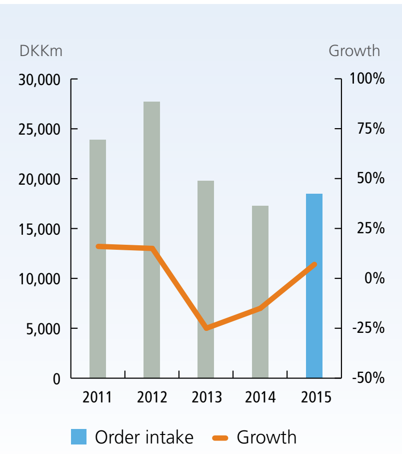
Order intake (vs. 2014)	**Customer Services**	**Product Companies**	**Minerals**	**Cement**	**FLSmidth Group**
Organic growth	-11%	4%	18 %	-11%	-2%
Currency	9%	7%	13%	6%	9%
Total growth	**-2%**	**11%**	**31%**	**-5%**	**7%**

The level of unannounced orders has been hovering around DKK 4bn per quarter the last couple of years with a tendency to slide in the fourth quarter.

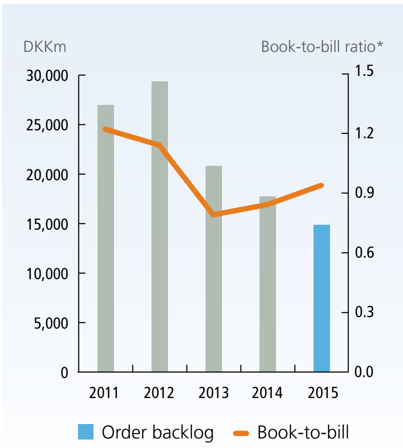
The order intake in Cement has been disappointing in 2015. More large orders were expected to come up for tender and to become effective in 2015. The cement industry is still challenged by low utilisation rates in certain regions, and the low oil price is hindering growth in oil exporting countries. Additionally, tender and negotiation processes have been dragging out due to financing issues.

The order intake in Customer Services declined 11% organically in 2015. If adjusted for internal transfer of small upgrade projects from Customer Services to the Cement Division at the beginning of the year, and for order intake in 2014 related to the discontinued Nigerian O&M contract, the organic growth in Customer Services would have been close to zero in 2015. Geographically, the picture is relatively dispersed, with most regions seeing stable developments, whereas others, such as Australia and Russia remain subdued.

Order intake

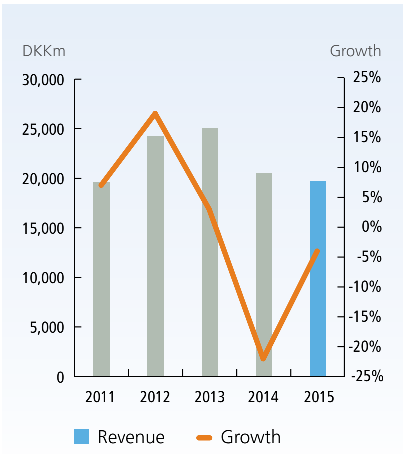


Order backlog and book-to-bill ratio



*) Book-to-bill ratio definition: order backlog relative to revenue

Revenue



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An organic order intake growth of 18% in Minerals in 2015 is contradictory to the general sentiment and developments in the mining industry. However, it is reflecting that the large greenfield projects disappeared already years ago, whereas the miners' interest in smaller productivity enhancing investments is on the rise.

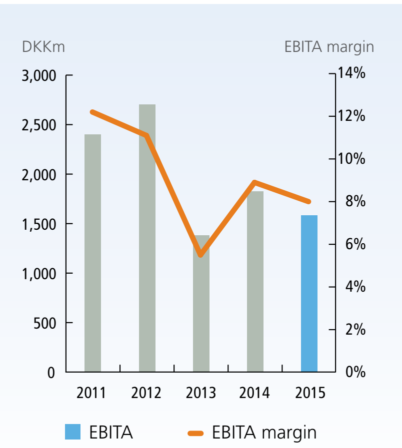
Cement is still the most important industry for FLSmidth, accounting for 32% of Group order intake in 2015. Copper is the most important mineral, accounting for 17% of order intake. 29% of order intake came from adjacent industries, such as other base metals, power, steel, etc.

The order backlog for the Group decreased 16% in 2015 to DKK 14,858m (end of 2014: DKK 17,726m), negatively impacted by DKK 2.5bn related to the discontinuation of an O&M contract in Q1 as well as scope changes and run-off on long-term O&M contracts during the year. 69% of the backlog is expected to be converted to revenue in 2016, 17% in 2017, and 14% in 2018 and beyond. The conversion time from order intake to revenue is 12-18 months on average – ranging from over-the-counter sale of consumables to capital projects with 2-3 years' execution time. As an increasing share of orders come from service and product business, the conversion time from order intake to revenue gets shorter.

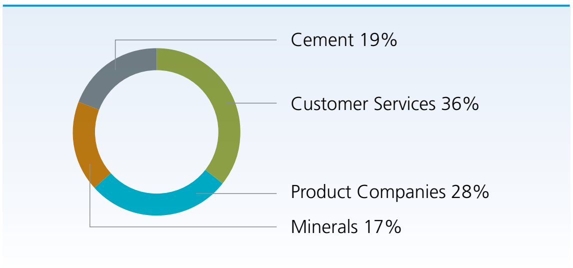
Progress is still being made in relation to the material handling legacy order backlog. Seven projects are still regarded as risky (end of 2014: nine projects). These projects accounted for DKK 147m in the order backlog at the end of Q4 2015 (end of Q4 2014: DKK 208m).

Two of these projects and the vast majority of the remaining backlog are related to the bulk material handling classified as discontinued activities.

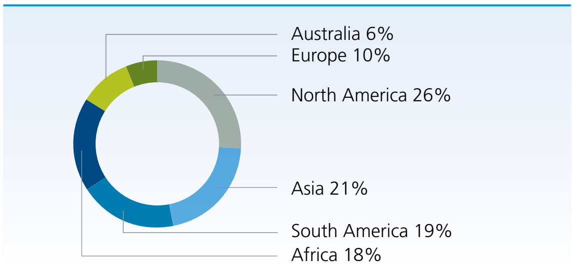
EBITA and EBITA margin



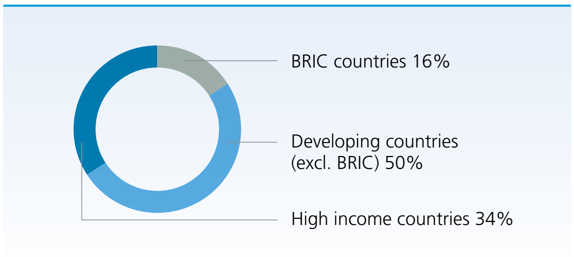
Revenue 2015 – by segment



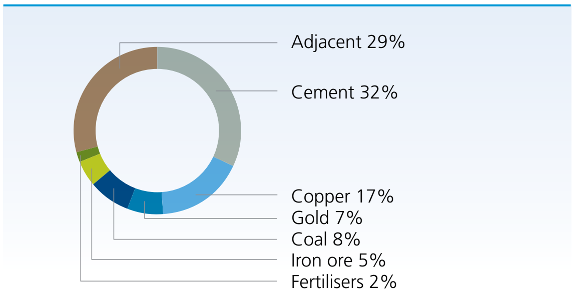
Revenue 2015 – by geography



Revenue 2015 – by country category



Order intake 2015 – by industry



Revenue

Revenue decreased 4% to DKK 19,682m in 2015 (2014: DKK 20,499m), as a consequence of a lower order backlog at the beginning of the year, which could not be compensated for by the 7% increase in order intake. Organic growth was negative in all divisions, and in Minerals in particular.

Revenue developments in 2015

Revenue (vs. 2014)	**Customer Services**	**Product Companies**	**Minerals**	**Cement**	**FLSmidth Group**
Organic growth	-7%	-4%	-35%	-7%	-12%
Currency	10%	7%	7%	6%	8%
Total growth	**3%**	**3%**	**-28%**	**-1%**	**-4%**

Profit efficiency

Challenging market conditions in the global mining and cement industries required a changed risk assessment over the summer resulting in bad debt provisions and higher anticipated costs in 2015. As a consequence of the market developments and the reclassification of Bulk Material Handling as discontinued activities, the full year EBITA margin guidance was lowered from originally 9-10% to 7.5-8.5%. The year ended at the midpoint 8.0%, and included one-off costs of DKK 321m, equivalent to 1.7% points on the EBITA margin.

The *gross profit* amounted to DKK 4,946m (2014: DKK 5,125m), corresponding to a gross margin of 25.1%, which is on a par with last year (2014: 25.0%). The gross margin was negatively impacted by one-off costs of DKK -201m related to efficiency improvement initiatives and business right-sizing as well as the discontinuation of an O&M contract in Nigeria in the spring (2014: DKK -57m). Adjusted for one-off costs, the gross margin was 26.2% (2014: 25.3%).

2015 saw total research and development expenses of DKK 263m (2014: DKK 327m), representing 1.3% of revenue (2014: 1.6%), of which DKK 46m was capitalised (2014: DKK 106m) and the balance reported as production costs. In addition, project financed developments take place in cooperation with customers.

Sales, distribution and administrative costs and other operating income amounted to DKK 3,068m in 2015, which represents a cost percentage of 15.6% of revenue (2014: 14.7%) and a 2% increase on 2014 (2014: DKK 3,019m).SG&A costs were negatively impacted by currency developments of DKK 275m and one-off costs of DKK 120m. The one-off costs related to bad debt provisions, business right-sizing/ efficiency programmes and sale of property. Adjusted for one-off costs, the cost percentage (SG&A ratio) was 15.0% in 2015 (2014: 14.2%).

Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) decreased 11% to DKK 1,878m (2014: DKK 2,106m) corresponding to an EBITDA margin of 9.5% (2014: 10.3%).

Earnings before amortisation and impairment of intangible assets (EBITA) decreased 13% to DKK 1,582m (2014: DKK 1,823m), corresponding to an EBITA margin of 8.0% (2014: 8.9%). Adjusted for one-off costs of DKK 321m, the EBITA margin was 9.7% in 2015 (2014: 9.7%).

Amortisation and impairment of intangible assets amounted to DKK -441m (2014: DKK -407m). The effect of purchase price allocations amounted to DKK -284m (2014: DKK -304m) and other amortisations to DKK -157m (2014: DKK -103m). The higher amortisations than last year relate to the increased use of ERP/Business systems.

Earnings before interest and tax (EBIT) amounted to DKK 1,141m (2014: DKK 1,416m) corresponding to an EBIT margin of 5.8% (2014: 6.9%).

Net financial costs amounted to DKK -256m (2014: DKK -137m), of which foreign exchange and fair value adjustments amounted to DKK -194m (2014: DKK -69m). Financial costs were adversely impacted by termination of ineffective hedges as well as emerging markets currency volatility.
Net interest costs amounted to DKK -62m (2014: DKK -87m).

Earnings before tax (EBT) decreased to DKK 885m (2014: DKK 1,279m).

The tax for the year amounted to DKK -282m (2014: DKK -398m) corresponding to an effective tax rate of 32% (2014: 31%).

Profit/loss from discontinued activities amounted to DKK -178m (2014: DKK -68m) related to the bulk material handling activities, that was announced for sale in connection with the third quarter interim report. The negative result is a function of impairment write-down, restructuring and an operating loss.

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Profit/loss for the year decreased to DKK 425m (2014: DKK 813m).

Capital efficiency

With capital employed around DKK 15bn, reaching the long-term target of more than 20% return on capital employed (ROCE) requires an increase in EBITA to around DKK 3bn through a combination of top-line growth and margin expansion. While the long-term target for ROCE was not attained in 2015, the targets for the capital structure were. The equity ratio is now above 30% and the financial gearing (NIBD/EBITDA) is now below two.

Capital employed and ROCE

Average capital employed increased DKK 0.2bn to DKK 15.2bn in 2015 (2014: DKK 15.0bn), while EBITA decreased to DKK 1,582m (2014: DKK 1,823m). As a consequence, ROCE decreased to 10% (2014: 12%).

Capital employed consists primarily of intangible assets amounting to DKK 10.1bn (average) which is mostly historical goodwill as well as patents and rights, and customer relations. Tangible assets account for DKK 2.6bn and net working capital for DKK 2.6bn, which leaves little room for significant reductions in capital employed.

Cash flow developments and net working capital

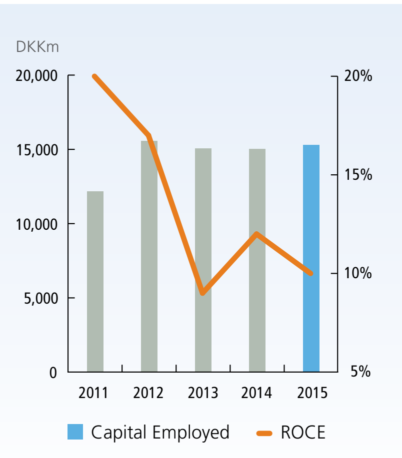
Cash flow from operating activities amounted to DKK 538m in 2015 (2014: DKK 1,298m), of which DKK 991m were related to continuing activities (2014: DKK 1,335m). The decline on last year is explained by lower operational earnings and negative impact from change in net working capital, however partly offset by a more positive or less negative cash impact from provisions, financial payments and taxes paid.

Net working capital (continuing activities) amounted to DKK 2,583m at the end of 2015, which represents a significant improvement in the second half of 2015, but an increase of DKK 0.3bn in 2015 (end of 2014: DKK 2,276m). Currency developments accounted for DKK 133m of the increase. The net working capital ratio amounted to 12.3% in 2015 (2014: 10.5%). The ambition is that the net working capital ratio should not exceed 10% of sales at any point in the cycle, and in times when project business is predominant, net working capital should even be low single digit. Each of the divisions have been given specific net working capital targets, reflecting their respective business models.

Although the total net working capital did not change significantly in 2015, the composition did. Most notably, prepayments (net) declined by DKK 0.6bn, as a consequence of few large orders and execution of the order backlog, which increased net working capital, but was partly offset by a decrease in trade receivables of DKK 0.1bn and in inventories of DKK 0.2bn.

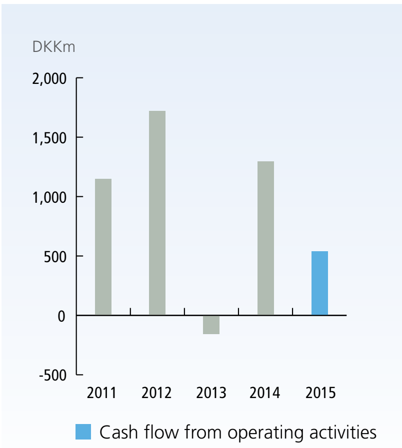
Overdue receivables are still a major focus area and progress was made in 2015. Long overdue receivables (more than 60 days) decreased to DKK 1.1bn (end of 2014: DKK 1.4bn), representing 23% of total receivables (end of 2014: 28%).

Capital Employed and ROCE *)

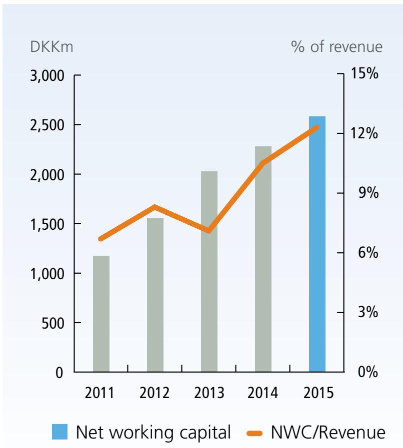


*) Excl. Cembrit

Cash flow from operating activities



Net working capital (NWC) *)



*) Excl. Cembrit

Investing in the business
After years on an acquisitive trajectory, investments have been held at a low level in the past three years as a response to changed market conditions. It is management's belief that in a cyclical downturn, the level of cash flow from investments (excluding acquisitions and divestments) should be below the level of depreciation and amortisation (excluding amortisations related to purchase price allocations), amounting to roughly DKK 0.4bn in 2015.

Cash flow from investing activities amounted to DKK 750m in 2015 (2014: DKK -598m), including cash flow related to acquisition and disposal of enterprises and activities of DKK 873m, predominantly related to the divestment of Cembrit. Investments excluding acquisitions and divestments amounted to DKK -123m, which is below the guidance for 2015 of DKK -0.3bn.

The free cash flow (cash flow from operating activities less cash flow from investing activities) amounted to DKK 1,288m in 2015 (Q4 2014: DKK 700m).

Balance sheet, capital structure and dividend
The balance sheet total amounted to DKK 24,362m at the end of 2015 (end of 2014: DKK 26,352m). As announced in connection with the Q3 interim report, the bulk material handling activities have been classified as assets held for sale.

Equity at the end of 2015 increased to DKK 7,982m (2014: DKK 7,761m), and the equity ratio increased to 33% at the end of 2015 (2014: 29%). Dividend distributed to shareholders in 2015 amounted to DKK 439m.

Net interest-bearing debt by the end of 2015 amounted to DKK 3,674m (end of 2014: DKK 4,593m) and the financial gearing amounted to 2.0 at the end of 2015 (end of 2014: 2.2). The gearing is now in line with Management's targeted capital structure of maximum two times EBITDA.

The available capital resources consist of committed credit facilities at a total of DKK 8.3 bn (end of 2014: DKK 8.3bn) with a weighted average maturity of 4.5 years (end of 2014: 4.0 years).

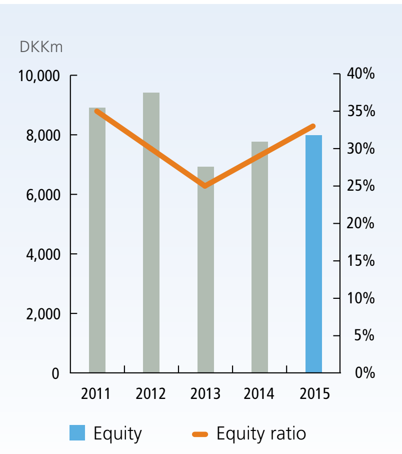
It is FLSmidth's policy to pay out 30-50% of the year's profit as dividend, and the Board of Directors proposes to the Annual General Meeting that a dividend of DKK 4 per share (2014: DKK 9) be distributed, corresponding to a total cash distribution of DKK 205m, a pay-out ratio of 49% and a dividend yield of 1.7% (2014: 3.3%). (Please see page 69 for further information about capital allocation).

Corporate governance and organisation

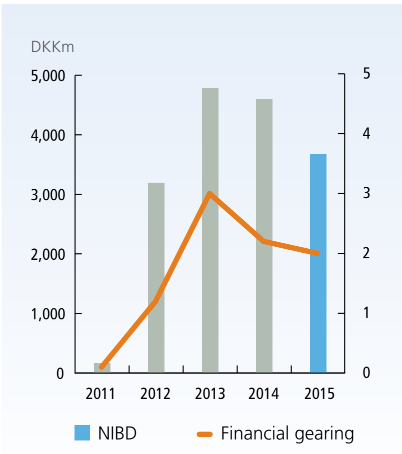
The following information is provided pursuant to Section 107a in the Danish Financial Act:

- The share capital amounts to DKK 1,025,000,000 consisting of 51,250,000 issued shares at DKK 20 each. Each share entitles the holder to 20 votes. No special rights are attached to any share and there are no restrictions on the transferability of the shares
- The members of the Board elected at the Annual General Meeting retire at each Annual General Meeting. Re-election may take place. The Nomination Committee identifies and recommends candidates to the Board of Directors

Equity and equity ratio

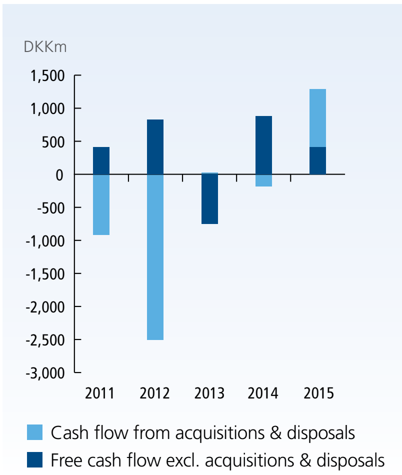


NIBD and financial gearing *)



*) Excl. Cembrit

Free cash flow



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- The Board of Directors is authorised until 1 April 2018 to increase the share capital by issuing new shares in one or more tranches at a total nominal value of DKK 100,000,000 – with or without pre-emption rights for the company's existing shareholders
- The Board of Directors is authorised until the next Annual General Meeting to let the Company acquire treasury shares up to a total nominal value of 10% of the Company's share capital pursuant to Section 12 of the Danish Companies Act
- The adoption of a resolution to amend the Company's Articles of Association or to wind up the Company requires that the resolution is passed by not less than two thirds of the votes cast as well as of the share capital represented at the General Meeting
- The Executive Management and a number of key employees in the Group have been granted options to purchase 2,922,579 shares in the Company at a set price (strike price). The Group's share option plan includes a "change of control" clause giving the holders the right to immediately exercise their options in connection with an acquisition
- In the event of dismissal, the Group Executive Management has 18 months' notice and shall receive up to six months' salary on the actual termination of their employment

The statutory statement on corporate governance pursuant to Section 107b of the Danish Financial Statements Act is available on the company's website http://www.flsmidth.com/governance_statement.

Group Executive Management's trading in FLSmidth shares

At the end of 2015, the members of the Group Executive Management held a total of 8,438 shares (end of 2014: 5,922 shares), and the members of the FLSmidth & Co. A/S Board of Directors held a total of 27,520 shares (end of 2014: 25,110 shares).

In 2015, Thomas Schulz acquired 2,000 shares (shareholding end of 2015: 4,510 shares) and Lars Vestergaard acquired 311 shares (shareholding end of 2015: 1,341 shares)

Treasury shares

FLSmidth's treasury share capital amounted to 2,327,928 shares at the end of 2015 (end of 2014: 2,412,491 shares) representing 4.5% of the total share capital (end of 2014: 4.8%). The holding of treasury shares is adjusted continuously to match FLSmidth's long-term incentive plans.

Long-term incentive plan (LTIP)

Share option plans

At the end of 2015, there were a total of 2,922,579 unexercised share options under FLSmidth's incentive plan and the fair value of them was DKK 88m. The fair value is calculated by means of a Black & Scholes model based on a current share price of 240, a volatility of 32.47% and annual dividend of DKK 9 per share for 2016 and onwards. The effect of the plan on the income statement for 2015 was DKK 43m (2014: DKK 43m). Please see note 30 to the consolidated financial statements for further information. In accordance with the guidelines for incentive pay adopted by the Annual General Meeting in 2015, the current share option program will be phased out.

Performance shares

In accordance with the guidelines for incentive pay adopted by the Annual General Meeting in 2015, a long-term incentive scheme based on conditional shares (performance shares) is being introduced. The primary purpose of the programme is retain key staff and to align the interests of shareholders and participants, and thus to reward performance in accordance with the long-term strategy and financial targets.

The programme will be yearly revolving with grants in February in connection with the Annual Report. The vesting period is three years and will depend on fulfilment of stretched targets based on achievement of KPIs calculated as three-year-averages. Full vesting of the performance shares will require fulfilment of stretched targets, meaning performance above the set targets. If a minimum threshold for financial performance is not met, there will be no vesting.

The Board of Directors has today decided to grant performance shares to the Executive Management and key staff (140 persons). The cost of the programme in 2015 is DKK 45m. The maximum number of shares granted will be calculated on the basis of the average closing price of the first five trading days after the publication of this report (12-18 February 2016). The applicable long-term financial targets related to the grant are: EBITA margin and net working capital ratio.

Corporate social responsibility

FLSmidth has submitted a progress report to the UN Global Compact on 11 February 2016. The progress report replaces a statutory statement on corporate social responsibility pursuant to the exemption given in the Danish Financial Statements Act Section 99a. The report can be accessed on http://www.flsmidth.com/CSRreport2015.

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Employees

FLSmidth is a learning organisation, and our people are our most valuable resource. In 2015, we have continued to invest heavily in people development and leadership training with a strong emphasis on selecting, attracting, developing and retaining the right people to support value creation in the Group.

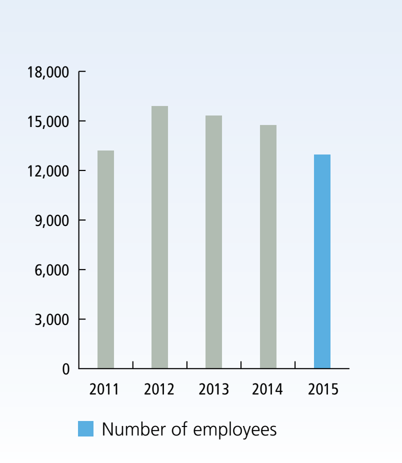
The global organisation has been heavily impacted by the cyclical downturn and the changed market conditions over the last three years. In 2015, this called for efficiency improvements and business right-sizing activities in the Minerals Division in particular.

The number of employees amounted to 12,969 by the end of 2015, representing a decrease of 12% compared to last year (end 2014: 14,765). The decline is primarily explained by the sale of Cembrit as well as business right-sizing in the Minerals Division and in connection with O&M contracts. The composition of the global workforce was more or less unchanged in 2015. 56% of FLSmidth's employees were below the age of 40 at the end of 2015 (end of 2014: 55%). 78% of the employees have more than 2 years' seniority (2014: 75%). 13% of FLSmidth's permanently employed staff is female (end of 2014: 14%). The relatively low proportion of females is explained by the fact that males continue to be overrepresented in the engineering profession and among engineering students.

Risk management

Reference is made to pages 62-65 in this Annual Report for a more detailed description of the company's commercial risks and risk management, which is part of the Management's Review.

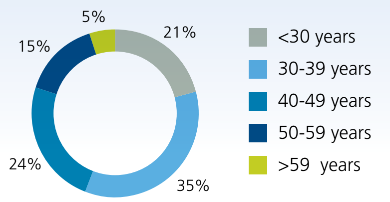
Number of employees *)



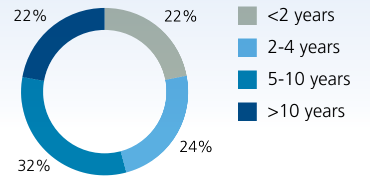
*) Including discontinued activities

Human resource data

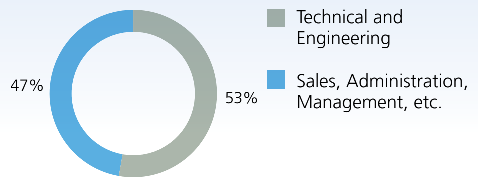
Age distribution



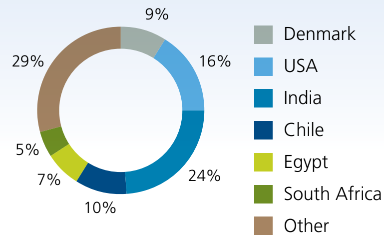
Length of service



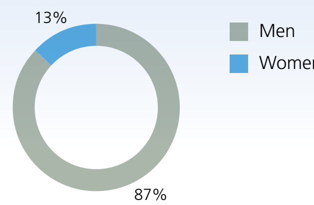
Job function



Geographical distribution



Gender



Guidance for 2016

DKK	Guidance[1)] 2015	Realised 2015	Guidance 2016
Revenue*)	19-20bn	19.7bn	17-20bn
EBITA margin	7.5-8.5%	8.0%	7-9%
ROCE	10-12%	10%	8-10%
Tax rate	31-33%	32%	29-31%
CFFI**)	-0.3bn	-0.1bn	-0.4bn

*) at prevailing currency rates
**) excluding acquisitions and divestments of enterprises and activities
1) Last updated on 12 November 2015.

The Group guidance for 2016 reflects the current high market volatility and low visibility. In such an environment, the risk of unforeseen events and surprises is very high, which has been taken into account. As the year progresses and visibility increases, the guidance will most likely be narrowed.

With respect to the divisional performance, it is clear that 2016 will be another challenging year for the two project divisions, Minerals and Cement, considering their low order backlog at the beginning of the year as well as the current low market activity, resulting in increasing pricing pressure. As a consequence, the EBITA margins in 2016 for both the Cement and Minerals Divisions are expected to be below their long-term financial target of 3-8%.

The Product Companies and the Customer Services Divisions are expected to show flattish developments in 2016, depending on market and currency developments in the year.

Long-term financial targets

The long-term financial targets for the FLSmidth Group remain unchanged:

Annual growth in revenue:	Above the market average
EBITA margin	10-13%
ROCE	>20%
Tax rate	32-34%
Financial gearing (NIBD/EBITDA)	<2
Equity ratio	>30%
Pay-out ratio	30-50% of the profit for the year

Although the long-term targets for ROCE and EBITA margin are not expected to be achieved in 2016, it is clearly the ambition to reach the long-term targets by gradually improving profitability (EBITA margin) and capital efficiency (Revenue/ Capital employed).

The long-term financial targets by division are as follows:

	Growth (over the cycle)	**EBITA%** (over the cycle)	**Net working capital** (as pct. of revenue)
Customer Services	5-10%	>15%	15-20%
Product Companies	5-10%	12-15%	~15%
Minerals	5-6%	3-8%	Negative
Cement	3-5%	3-8%	Negative

Please see page 54-61 for more information about the divisional long-term targets.

Events occurring after the balance sheet data

As announced on 21 January 2016, FLSmidth has been informed that Novo A/S on behalf of Novo Nordisk Fonden holds a total of 7,700,000 FLSmidth & Co. A/S shares, which corresponds to 15.02% of the total nominal share capital in FLSmidth & Co. A/S.

As announced on 31 January 2016, FLSmidth has signed a five year contract with Arabian Cement Company (ACC) for operation and maintenance of the production lines at their cement plant located near the city of Suez in Egypt. FLSmidth has been operating and maintaining the two lines since 2008 and 2010, respectively.

As announced on 2 February 2016, FLSmidth has been informed that Morgan Stanley, USA controls a total of 6.43% of the voting rights attached to FLSmidth & Co. A/S shares.

As announced on 5 February 2016, FLSmidth has been informed that Morgan Stanley, USA, no longer controls more than 5% of the voting rights attached to FLSmidth & Co. A/S shares.

As announced on 8 February 2016, FLSmidth has receved an EPC contract with a value of more than EUR 200m from the Algerian cement producer SARL Amouda Engineering.

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Forward-looking statements

FLSmidth & Co. A/S' financial reports, whether in the form of annual reports or interim reports, filed with the Danish Business Authority and/or announced via the company's website and/or NASDAQ OMX Copenhagen, as well as any presentations based on such financial reports, and any other written information released, or oral statements made, to the public based on this annual report or in the future on behalf of FLSmidth & Co. A/S, may contain forward-looking statements.

Words such as 'believe', 'expect', 'may', 'will', 'plan', 'strategy', 'prospect', 'foresee', 'estimate', 'project', 'anticipate', 'can', 'intend', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance identify forward-looking statements. Examples of such forward-looking statements include, but are not limited to:

- Statements of plans, objectives or goals for future operations, including those related to FLSmidth & Co. A/S' markets, products, product research and product development.
- Statements containing projections of or targets for revenues, profit (or loss), capital expenditures, dividends, capital structure or other net financial items.
- Statements regarding future economic performance, future actions and outcome of contingencies such as legal proceedings and statements regarding the underlying assumptions or relating to such statements.
- Statements regarding potential merger & acquisition activities.

These forward-looking statements are based on current plans, estimates and projections. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which may be outside FLSmidth & Co. A/S' influence, and which could materially affect such forward-looking statements.

FLSmidth & Co. A/S cautions that a number of important factors, including those described in this report, could cause actual results to differ materially from those contemplated in any forward-looking statements.

Factors that may affect future results include, but are not limited to, global as well as local political and economic conditions, including interest rate and exchange rate fluctuations, delays or faults in project execution, fluctuations in raw material prices, delays in research and/or development of new products or service concepts, interruptions of supplies and production, unexpected breach or termination of contracts, market-driven price reductions for FLSmidth & Co. A/S' products and/or services, introduction of competing products, reliance on information technology, FLSmidth & Co. A/S' ability to successfully market current and new products, exposure to product liability and legal proceedings and investigations, changes in legislation or regulation and interpretation thereof, intellectual property protection, perceived or actual failure to adhere to ethical marketing practices, investments in and divestitures of domestic and foreign enterprises, unexpected growth in costs and expenses, failure to recruit and retain the right employees and failure to maintain a culture of compliance. Unless required by law FLSmidth & Co. A/S is under no duty and undertakes no obligation to update or revise any forward-looking statement after the distribution of this annual report.

Corporate social responsibility

FLSmidth has submitted a progress report to the UN Global Compact on 11 February 2016. The progress report replaces a statutory statement of corporate social responsibility pursuant to the exemption given in the Danish Financial Statements Act Section 99a. The report is available on www.FLSmidth.com/CSRreport2015.

Sustainability reporting at a glance

SOCIAL PERFORMANCE	2012	2013	2014	2015
Employees	15,900	15,317	14,765	12,969
Gender – % female employees	16%	15%	14%	13%
Gender – % female managers	9.2%	10.5%	10.3%	9.7%
Safety training hours (per employee)	5.7	7.6	10.0	12.0
Fatalities	1	2	0	0
Lost time injury frequency rate (LTIFR)	4.7	3.9	2.7	1.8
FLSmidth sites audited	12	28	28	25

ENVIRONMENTAL PERFORMANCE	2012	2013	2014	2015
Scope 1 – CO_2 (tonnes)	27,600	24,000	12,700	13,460
Scope 2 – CO_2 (tonnes)	54,500	59,000	33,100	33,450
Scope 3 – CO_2 (tonnes)	39,800	37,400	32,200	31,377

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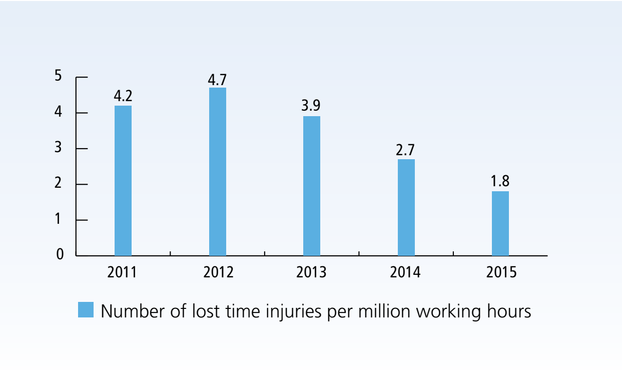
Development in lost time injury frequency rate
LTIFR



Customer Services

Market developments

In Q4, Customer Services saw a steady level of cement-related inquiries and a somewhat lower level of mining-related inquiries.

The lower commodity prices are impacting customer spending behaviour and several customers have advised that they have deferred maintenance work and spare part purchases from Q4'15 to 2016. Also, certain miners appear to manage short-term cash flow by operating machineries well past recommended service intervals which is raising concerns of costly breakdowns. This is not sustainable practice and deferrals are expected to translate into service business in the first half of 2016.

The primary focus areas of miners are smaller sized spare parts orders directly tied to operations and services such as plant equipment audits to optimise plant performance. The Americas, especially South America, are still the most active markets, while Australia and Russia remain subdued. Overall demand for minerals maintenance contracts is unchanged. Some customers are evaluating scope reductions as a result of tough market conditions while others see maintenance contracts as a means to mitigate risks in the current environment. The announcement of a large five-year minerals maintenance contract in Chile in Q4 is a good example of the latter.

In cement, customer inquiries are primarily on parts, small retrofits projects, and preventative maintenance services. In some regions, like North America, customers focus mainly on production maximisation, whereas the key focus in other regions, like South America and the Middle East, is cost efficiency. Both the cement and minerals industries are showing increasing interest in improved total cost of ownership and asset management solutions.

Cement-related activities saw a steady development in North America, Europe, Middle East, East Africa and parts of Asia, however, in some cases, M&A activity has caused decision times to lengthen. In India, activities are cautiously picking up, while the Russian and Brazilian markets remain sluggish affected by lower oil and gas prices.

Financial performance in Q4 2015

Order intake in Q4 2015 was DKK 1,655m, representing an increase of 5% compared to Q4 2014 (Q4 2014: DKK 1,580m) and a sequential increase of 8%. Adjusted for currency effects, the order intake decreased 1% despite some customers deferring maintenance and spare part purchases from the fourth quarter to 2016.

The order backlog declined 31% from DKK 3,575m in Q4 2014 to DKK 2,469 in Q4 2015, primarily as a result of the discontinued O&M contract in Q1 (impact of DKK -671m)

Customer Services

DKKm	2015	2014	Change (%)	Q4 2015	Q4 2014	Change (%)
Order intake (Gross)	**6,710**	**6,847**	-2%	**1,655**	**1,580**	5%
Order backlog	**2,469**	**3,575**	-31%	**2,469**	**3,575**	-31%
Total revenue	**7,294**	**7,061**	3%	**1,920**	**1,938**	-1%
Gross profit	**2,109**	**1,982**	6%	**567**	**437**	30%
Gross profit margin	*28.9%*	*28.1%*		*29.6%*	*22.5%*	
EBITDA	**1,056**	**1,060**	0%	**305**	**222**	37%
EBITDA margin	*14.5%*	*15.0%*		*15.9%*	*11.5%*	
EBITA	**951**	**968**	-2%	**279**	**197**	42%
EBITA margin	*13.0%*	*13.7%*		*14.5%*	*10.2%*	
EBIT	**790**	**827**	-4%	**240**	**150**	60%
EBIT margin	*10.8%*	*11.7%*		*12.5%*	*7.7%*	
Number of employees	4,731	4,473	6%	4,731	4,473	6%

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and internal transfer of new small upgrade projects from Customer Services to the Cement Division.

Revenue decreased 1% to DKK 1,920m (Q4 2014: DKK 1,938m) and declined 7% adjusted for currency effects. EBITA increased 42% to DKK 279m (Q4 2014: DKK 197m) and the EBITA margin increased to 14.5% (Q4 2014: 10.2%). EBITA in Q4 2014 was impacted by the delayed start-up of the above-mentioned O&M contract which was discontinued in the subsequent quarter.

Financial performance in 2015

The full year results reflect varying market conditions and performance across commodities and geographies. Some local markets and segments are displaying solid growth and good performance, while others are challenged.

Order intake in 2015 was DKK 6,710m, representing a decrease of 2% (2014: DKK 6,847m) and a decline of 11% adjusted for currency effects. If adjusted for internal transfer of new small upgrade projects from Customer Services to the Cement Division at the beginning of the year and for order intake in 2014 related to the now discontinued Nigerian O&M contract, the organic growth in Customer Services would have been close to zero from 2014 to 2015.

Revenue increased 3% to DKK 7,294m (2014: DKK 7,061m) but declined 7% adjusted for currency effects. Whereas gross profit and gross margin saw a slight increase from 2014 to 2015, EBITA decreased 2% to DKK 951m (2014: DKK 968m) and the EBITA margin declined to 13.0% (2014: 13.7%).

Long-term financial targets

The Customer Services Division is targeting an EBITA margin above 15% (2015: 13.0%) and an annual revenue growth of 5-10% over the cycle (2015: 3%). The targeted margin is expected to be achieved through a better product mix, where focus is on activities that will maximise customers' installed base availability and return on assets. Growth is expected to be supported by market developments and organic growth initiatives such as globalisation of service offerings and concentration of product line management on productivity focused solutions.

For information about the divisional offerings and business model, see Strategy and business model, page 26.

FACTS

Long-term financial targets:

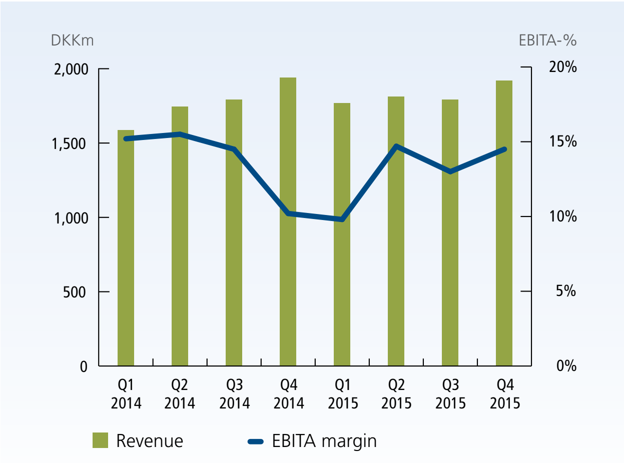
5-10% annual revenue growth
(over the cycle)

EBITA margin > 15%

NWC 15-20%

Quarterly order intake

Quarterly revenue and EBITA margin



Product Companies

Market developments

Overall, Product Companies Division saw a stable market development in 2015, including the fourth quarter. Cement-related activities are steady and the market continues to show signs of an early recovery, whereas the minerals market is impacted by the lower commodity prices and political instability in the Middle East. The product business related to new cement and minerals projects remains subdued, whereas other product and aftermarket activities are holding up well. The number of inquiries and tenders out of adjacent industries, such as power and steel, is on an increasing trajectory. All in all, the level of inquiries is stable, though the pipeline for 2016 contains some uncertainty related to the minerals markets, whereas activity in cement and adjacencies appear to be stable or slightly improving.

Demand for new products is mostly related to productivity improvements, modernisations, and replacements, and customers focus increasingly on product life-cycle and environmental issues. Although the product companies are exposed predominantly to replacement demand as well as parts and services, they are not completely immune to changes in demand for new equipment and capex investments by the cement and minerals industries. As such, both order intake and revenue will fluctuate from quarter to quarter, although with significantly less amplitude than the project business.

Regional activity differs greatly between the different product brands. Overall, the US cement market continues to show good activity, whereas the US minerals market is negatively impacted by the lower commodity prices. Several product brands see increased opportunities out of Africa and Southeast Asia, whereas uncertainty around China and the Middle East has increased during 2015.

Financial performance in Q4 2015

Order intake in Q4 2015 increased to DKK 1,252m, representing an increase of 5% (Q4 2014: DKK 1,194m). Adjusted for currency effects, the order intake increased 3%. Based on the past two years' history, order intake appears to be strongest in the first half of the year.

Product Companies

DKKm	2015	2014	Change (%)	Q4 2015	Q4 2014	Change (%)
Order intake (Gross)	**5,742**	**5,192**	11%	**1,252**	**1,194**	5%
Order backlog	**2,536**	**2,667**	-5%	**2,536**	**2,667**	-5%
Total revenue	**5,711**	**5,523**	3%	**1,473**	**1,451**	2%
Gross profit	**1,652**	**1,565**	6%	**406**	**378**	7%
Gross profit margin	*28.9%*	*28.3%*		*27.5%*	*26.1%*	
EBITDA	**849**	**774**	10%	**205**	**160**	28%
EBITDA margin	*14.9%*	*14.0%*		*13.9%*	*11.0%*	
EBITA	**756**	**672**	13%	**184**	**138**	33%
EBITA margin	*13.2%*	*12.2%*		*12.5%*	*9.5%*	
EBIT	**689**	**596**	16%	**166**	**119**	39%
EBIT margin	*12.1%*	*10.8%*		*11.3%*	*8.2%*	
Number of employees	3,325	3,376	-2%	3,325	3,376	-2%

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Revenue increased 2% to DKK 1,473m (Q4 2014: DKK 1,451m), but decreased 2% adjusted for currency effects.

The EBITA result amounted to DKK 184m in Q4 representing a 33% increase over last year (Q4 2014: DKK 138m). As a result, the EBITA margin in Q4 increased to 12.5% (Q4 2014: 9.5%), which is a reflection of a change in business mix between different product categories and between capital and service business.

Financial performance in 2015

Overall, the Product Companies Division saw a stable development in 2015 compared to 2014.

Order intake increased 11% to DKK 5,742m in 2015 (2014: DKK 5,192m) and increased 4% adjusted for currency effects, not least supported by a strong order intake related to air pollution control and gold mining.

Revenue increased 3% to DKK 5,711m (2014: DKK 5,523m but declined 4% adjusted for currency effects. EBITA increased 13% to DKK 756m (2014: DKK 672m) and the EBITA margin increased to 13.2% (2014: 12.2%), mainly due lower non-recurring costs in 2015 compared to 2014.

Long-term financial targets

The Product Companies Division is targeting an EBITA margin of 12-15% (2015: 13.2%) and an annual revenue growth of 5-10% over the cycle (2015: 3%). The Product Companies Division is already delivering a margin within the long-term target range, which means that growth is the key focus area. All product companies have unique growth targets and opportunities such as expansion of niche leaders into close adjacent industries as well as increased market share through focus on core business.

For information about the divisional offerings and business model, see Strategy and business model, page 27.

FACTS

Long-term financial targets:

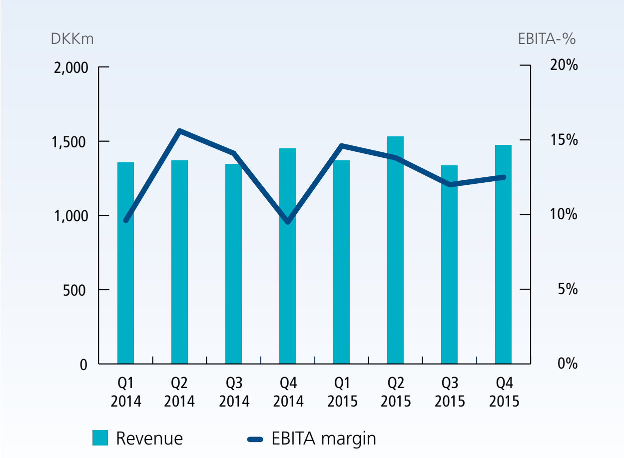
5-10% annual revenue growth
(over the cycle)

EBITA margin 12-15%

NWC ~15%

Quarterly order intake

Quarterly revenue and EBITA margin



Minerals

Market developments

Although the order intake for the Minerals Division increased in 2015, the underlying market undoubtedly deteriorated during the year which in August led to the changed expectations that the trough in addressable mining investments for FLSmidth would be extended and that growth would not resume until the end of 2017. Current visibility is low, resulting from a sustained downward pressure on commodity prices which continue to weigh on miners' CAPEX (and OPEX) budgets. As a consequence, pricing pressure is increasing. Smaller single equipment orders have seen a stable development and still make up the majority of bookings in the Minerals Division. Inquiries for smaller orders saw a steady development in the fourth quarter as well. Larger projects, already approved but not yet effective, continue to be deferred, and most new larger projects are in the pre-feasibility stage where it is unknown if they will materialise. Interest for brownfield projects is modest.

Current demand is mostly related to productivity improvements, modernisations, and replacements, and miners are reluctant to discuss projects with a payback-time of less than two years. Copper, gold and nickel offer the best opportunities, including some medium-scale gold projects, whereas coal, potash and iron ore remain weak. At present, the best opportunities are within areas such as crushing, screening and dry tailings management, whereas demand for mineral processing equipment has weakened during the year.

The most active markets are in North and South America, the Middle East and Southeast Asia. Also, India and South Africa offer opportunities, whereas Sub-Saharan Africa as a whole has been slow in 2015.

Financial performance in Q4 2015

Order intake in Q4 2015 increased 4% to DKK 630m (Q4 2014: DKK 604m) and increased 3% adjusted for currency effects.

Revenue decreased 20% to DKK 1,126m (Q4 2014: DKK 1,407m) due to the lower order backlog at the beginning of the year. EBITA amounted to DKK -32m (Q4 2014:

Minerals

DKKm	2015	2014	Change (%)	Q4 2015	Q4 2014	Change (%)
Order intake (Gross)	**4,112**	**3,142**	31%	**630**	**604**	4%
Order backlog	**4,614**	**4,298**	7%	**4,614**	**4,298**	7%
Total revenue	**3,576**	**4,933**	-28%	**1,126**	**1,407**	-20%
Gross profit	**584**	**918**	-36%	**179**	**228**	-21%
Gross profit margin	*16.3%*	*18.6%*		*15.9%*	*16.2%*	
EBITDA	**(193)**	**72**	n/a	**(10)**	**35**	n/a
EBITDA margin	*-5.4%*	*1.5%*		*-0.9%*	*2.5%*	
EBITA	**(258)**	**11**	n/a	**(32)**	**17**	n/a
EBITA margin	*-7.2%*	*0.2%*		*-2.8%*	*1.2%*	
EBIT	**(424)**	**(153)**	n/a	**(70)**	**(50)**	n/a
EBIT margin	*-11.9%*	*-3.1%*		*-6.3%*	*-3.6%*	
Number of employees	1,881	2,386	-13%	1,881	2,386	-13%

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DKK 17m). The result included one-off costs related to efficiency and business right-sizing initiatives. As a consequence, the EBITA margin declined to -2.8% (Q4 2014: 1.2%).

Financial performance in 2015

Order intake in 2015 increased 31% to DKK 4,112m (2014: DKK 3,142m) and increased 18% adjusted for currency effects. Despite increased headwind in the minerals industry throughout the year, it was positive to see that all quarters in 2015 saw a higher order intake than the corresponding quarters last year. The increase in order intake was partly explained by an increase in large announced orders of roughly DKK 0.5bn and partly by an increase in unannounced orders of close to DKK 0.5bn. The Minerals Division booked three large announced orders in 2015.

Revenue decreased 28% to DKK 3,576m (2014: DKK 4,933m) and declined 35% adjusted for currency effects as a result of the lower order backlog at the beginning of the year. EBITA declined to DKK -258m (2014: DKK 11m) and the EBITA margin decreased to -7.2% (2014: 0.2%), due to costs related to business right-sizing and efficiency measures as well as changed risk assessment of receivables in Q2 2016, resulting in bad debt provisions of DKK -83m.

Long-term financial targets

The Minerals Division is targeting an EBITA margin of 3-8% (2015: -7.2%) and an annual revenue growth of 5-6% over the cycle (2015: -28%). The Minerals division has been implementing significant efficiency and business right-sizing measures in the last couple of years and should now be adjusted to a new reality. Thus, profitability is expected to improve through operational excellence, portfolio management and footprint rationalisation. Growth is expected to be supported by a cyclical rebound in the mining industry in the coming years coupled with new offerings related to ongoing R&D projects and pilot plants with partners.

For information about the divisional offerings and business model, see Strategy and business model, page 28.

FACTS

Long-term financial targets:

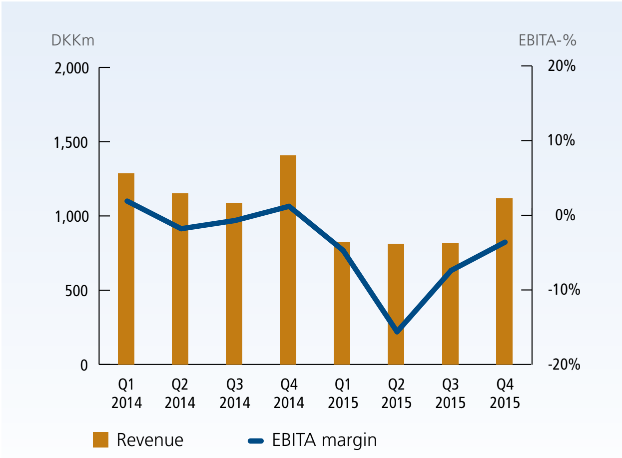
5-6% annual revenue growth
(over the cycle)

EBITA margin 3-8%
(over the cycle)

Negative NWC

Quarterly order intake

Quarterly revenue and EBITA margin



Cement

Market developments

The market for new cement capacity was largely unchanged in 2015. On a global scale, capacity utilisation rates remain low with few new large orders for tender, which also exerts pressure on pricing and conditions. FLSmidth's expectations at the beginning of the year factored in a slow recovery in the industry which never really materialised. Mainly as a result of the sharp decline in the oil price, as customer decision-making was dragging out, the amount of available cement orders from oil-exporting countries was confined, and the total order intake for the year ended up below company expectations for the Cement Division. In 2015, the global cement demand growth excluding China was modest. Cement demand outside of China is expected to grow modestly in 2016 as well, driven by growth in both developed on emerging markets excluding China. Combined with a slow-down in the pace of capacity additions, the supply-demand dynamics on a global scale still support an imminent recovery of the industry, although current market uncertainty makes it difficult to predict when the recovery is to really take shape. However, market activity should improve, especially when the better economy in many oil-importing countries starts to translate into increased demand for cement.

At present, the sharp decline in the oil price means that customers in countries strongly dependent on the income from oil production remain challenged which continues to impact in particular one Operation & Maintenance contract, on which FLSmidth is working closely with the customer to adapt their business and cost structure to the changed market environment.

Overall, the pipeline for potential cement projects is roughly similar to that one year ago, but with a relatively higher proportion of potential projects in oil-importing countries. The shift in demand from what used to be relatively cash-rich oil-exporting countries towards oil-importing countries that are generally more dependent on external financing reduces the visibility in terms of predicting the timing of new orders.

Financial performance in Q4 2015

Order intake in Q4 2015 decreased 28% to DKK 396m (Q4 2014: DKK 547m) due to the lack of announceable orders in Q4 2015 compared to receipt of two large orders in Q4 2014. Adjusted for currency effects, the order intake decreased 31% compared to Q4 2014. The order intake in a project business is lumpy per se but nevertheless it was a disappointment that no announceable orders were booked in Q4.

Cement

DKKm	2015	2014	Change (%)	Q4 2015	Q4 2014	Change (%)
Order intake (Gross)	**2,803**	**2,943**	-5%	**396**	**547**	-28%
Order backlog	**5,852**	**7,768**	-25%	**5,852**	**7,768**	-25%
Total revenue	**3,911**	**3,951**	-1%	**985**	**1,098**	-10%
Gross profit	**601**	**660**	-9%	**124**	**221**	-44%
Gross profit margin	*15.4%*	*16.7%*		*12.5%*	*20.1%*	
EBITDA	**132**	**203**	-35%	**(15)**	**71**	-121%
EBITDA margin	*3.4%*	*5.1%*		*-1.6%*	*6.5%*	
EBITA	**99**	**181**	-45%	**(29)**	**64**	-145%
EBITA margin	*2.5%*	*4.6%*		*-3.0%*	*5.8%*	
EBIT	**52**	**155**	-66%	**(39)**	**52**	-175%
EBIT margin	*1.3%*	*3.9%*		*-3.9%*	*4.7%*	
Number of employees	2,793	3,227		2,793	3,227	

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Revenue decreased 10% to DKK 985m (Q4 2014: DKK 1,098m) and decreased 15% adjusted for currency effects. The lower revenue is a result of the lower backlog at the beginning of the year.

EBITA amounted to DKK -29m which is significantly below last year (Q4 2014: DKK 64m). EBITA was negatively impacted by DKK -48m related to in particular one O&M contract with a customers in an oil-exporting country as well as execution of projects taken in a less favourable competitive environment. Thus, the EBITA margin decreased to -3.0% (Q4 2014: 5.8%).

Financial performance in 2015

Order intake in 2015 decreased 5% to DKK 2,803m (2014: DKK 2,943m) and decreased 11% adjusted for currency effects which was considerably below company expectations at the beginning of the year. Although FLSmidth achieved a fair share of the orders tendered for, the market in general was characterised by few available orders, lengthy decision-making and financing issues.

Revenue decreased 1% to DKK 3,911m (2014: DKK 3,951m) but declined 7% adjusted for currency effects. EBITA decreased 45% to DKK 99m (2014: DKK 181m) and the EBITA margin decreased to 2.5% (2014: 4.6%) as a result of a lower margin in the second half of 2015. The negative margin development is a result of execution of projects taken in a less favourable competitive environment and especially the fact that certain Operation & Maintenance contracts with customers in oil-exporting countries are negatively impacted by the effects of the lower oil price.

Long-term financial targets

The Cement Division is targeting an EBITA margin of 3-8% (2015: 2.5%) and an annual revenue growth of 3-5% over the cycle (2015: -1%). The Cement Division is six years into a cyclical downturn and margins are currently under pressure. Nevertheless, the Cement Division has been delivering margins within or above the targeted margin range in the recent past. Growth is expected to be supported by a cyclical rebound in the cement industry in the coming years coupled with leveraging the 'Design, Build, Operate' business model and offering the most productive and sustainable cement technology.

For information about the divisional offerings and business model, see Strategy and business model, page 29.

FACTS

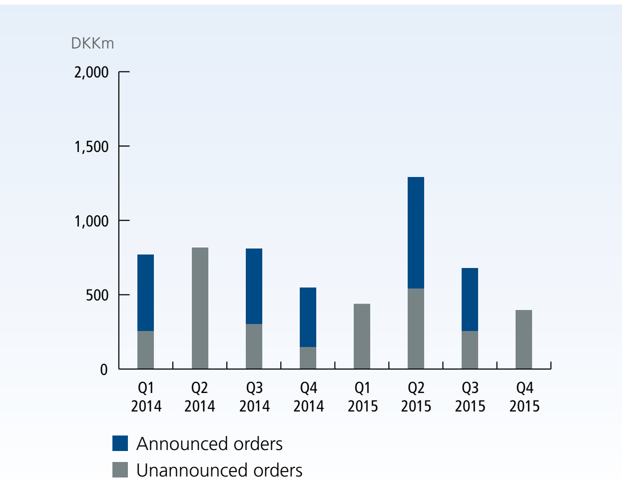
Long-term financial targets:

3-5% annual revenue growth
(over the cycle)

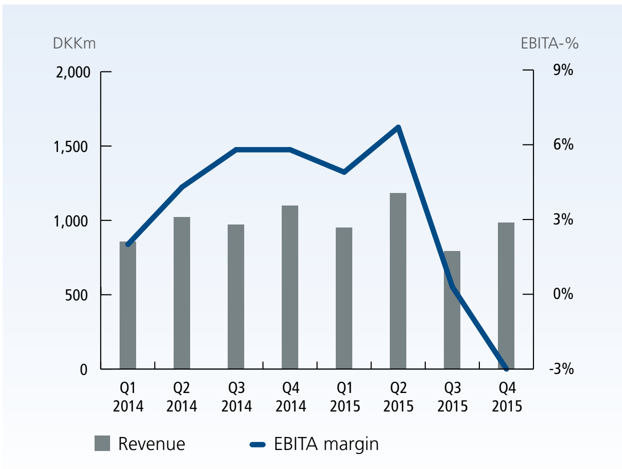
EBITA margin 3-8%
(over the cycle)

Negative NWC

Quarterly order intake



Quarterly revenue and EBITA margin



Risk Management

Risks and Risk Management are inherent parts of the nature of FLSmidth's business. The Group undertakes considerable risks within areas where it has established the competencies to identify, assess and manage the risks.

Risk taking is an intrinsic, necessary and accepted part of FLSmidth's business and effectively managing risk has a high priority within the Group's business model. Through a simplified and standardized enterprise risk management practice designed to ensure that FLSmidth achieves its strategic, business and governance objectives, the Group continuously strives to protect its corporate reputation, values and integrity.

FLSmidth's Risk Management Framework and Process

FLSmidth's approach to risk management is based on a combined top-down/bottom-up approach with the underlying premise that all Divisions, Business Units and Group Functions exist to provide value for the Group's stakeholders.

The Risk Management Framework is set out in the Group's Risk Management Policy, which describes the purpose, scope, principles, expectations, roles and responsibilities, policy authority and the monitoring and managing of risks. The Board of Directors is ultimately responsible for this policy, including defining the Group's overall risk appetite and risk tolerance.

Each Division, Country, Business Unit and Group Function has the responsibility to identify, assess and actively manage risks - this is a fundamental principle in FLSmidth's risk management philosophy that is executed at the following levels:

Group Executive Management: covering all group level risks, including major external risks that may impact the Group's ability to achieve its strategic objectives on a sustainable basis;
Division: covering general risks related to the respective focus industries, as well as risks related to the interaction between the Business Units and Group Functions;
Country: with the overall responsibility and ownership for mitigating identified risks in their country;
Business Units: covering specific risks related to their specific business activities, e.g. projects, products, services, own manufacturing, operations and management, Supercentres, etc., and;
Group Functions: such as legal, tax, treasury, governance and compliance, intellectual property rights, strategic supply chain, research and development, health and safety, travel security and IT covering all global risk areas that function across the Divisions and Business Units.

Risk Reporting

The Group's Risk Management Department is responsible for the facilitation of annual assessments and biannual reporting to the Audit Committee and the Board of Directors including Group Executive Management. This report includes identification of key risks and the relevant action plans.

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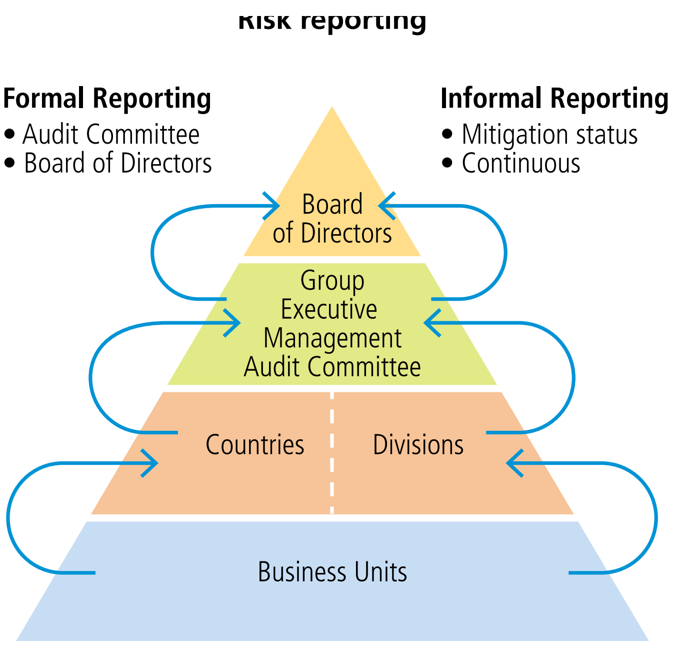
Risk Reporting



Insurance

Mitigating the financial impact of certain types of risk allows FLSmidth to transfer some of the financial loss to an insurance partner, if an insured risk materializes.

The Group's Insurance Department is an integrated part of the Risk Management Department, and is responsible for the Group's asset risk management, which consists of a combination of global and local insurance policies.

The retention level of risk the Group chooses to take is evaluated on an annual basis, taking into consideration the Group's financial strength, the magnitude of the insured risk and the cost benefits that are based on current insurance market conditions.

2015 Key risks

FLSmidth is exposed to a vast array of strategic, operational, financial and hazardous risks that must be identified, evaluated and managed on an ongoing basis. These risks include, but are not limited to: country, political, manufacturing, peers group, supply chain, logistical, shortage of skilled labor, raw material price fluctuations, currency, counterpart, design, technology/product, theft of intellectual property rights, business integration, IT, legal, compliance, tax, natural disasters and environmental.

While FLSmidth has a low risk appetite for certain types of risk such as: safety, currency, theft of intellectual property rights, business integration, IT, legal, compliance and tax, the Group is prepared to accept considerable project-related risks within the areas where the Group has the competencies to manage such risks.

During the risk assessment process in 2015, the following key risks were identified in random order of priority:

- Safety
- Projects
- Legal, Compliance & Tax
- Quality
- Market
- Litigation

Risk Mitigation

RISK	CONTEXT	MITIGATION
Safety	In general, the mining industry has high safety standards whereas the standards in the cement industry may vary.	Safety is the Group's first priority with continuous focus on improving LTIFR, Safety Audits by top management and continuous training.
Projects	A large part of FLSmidth's business consists of supplying equipment to customer-built, or managing the entire construction on an EPC basis for very large, complex processing plants.	The Group focuses on projects that lie within its core competencies and match its strategic goals. Rigorous contract and project management play important roles in managing project-related risks. Both Project Divisions have formal sign-off processe s in order to support the sales phase. Large EPC projects must be reviewed and pre-approved by the Group's EPC Board, which consists of members from the Divisions, Business Units, Legal and EPC.
	FLSmidth's projects are often located in remote locations with poor infrastructure, and in countries with challenging political, administrative and judicial structures in place. This can pose significant logistical, country-specific and political risks.	The Group conducts monthly project reviews of all large projects which include risk assessments. The Group has also established project task forces with participants from selected areas of expertise, including Divisional CEO's/CFO's and relevant specialists to create a uniform platform for liaising on projects that are complex due to size, scope and/or geographical location.
Legal, Compliance & Tax	Compliance with local regulatory & tax requirements has top-priority in FLSmidth.	The Group's Legal Department is actively involved in the organisation and Group Compliance is responsible for ensuring that the company lives up to basic ethical standards and employs a range of policies including the global Code of Business Conduct, Anti-Bribery policy and Whistleblower Hotline. Group Tax is involved early during the sales phase to ensure risks have been identified and are properly managed.
Quality	Quality is the determining factor for the Group's customers who often expect a company-wide management philosophy geared towards delivering quality products and services every time.	The Group has rolled out a "One Global Quality Policy" and has focus on creating a Quality Mindset, continuously measuring and improving upon quality performance, the role of leadership and the importance of each individual making a personal commitment to quality throughout the organization.

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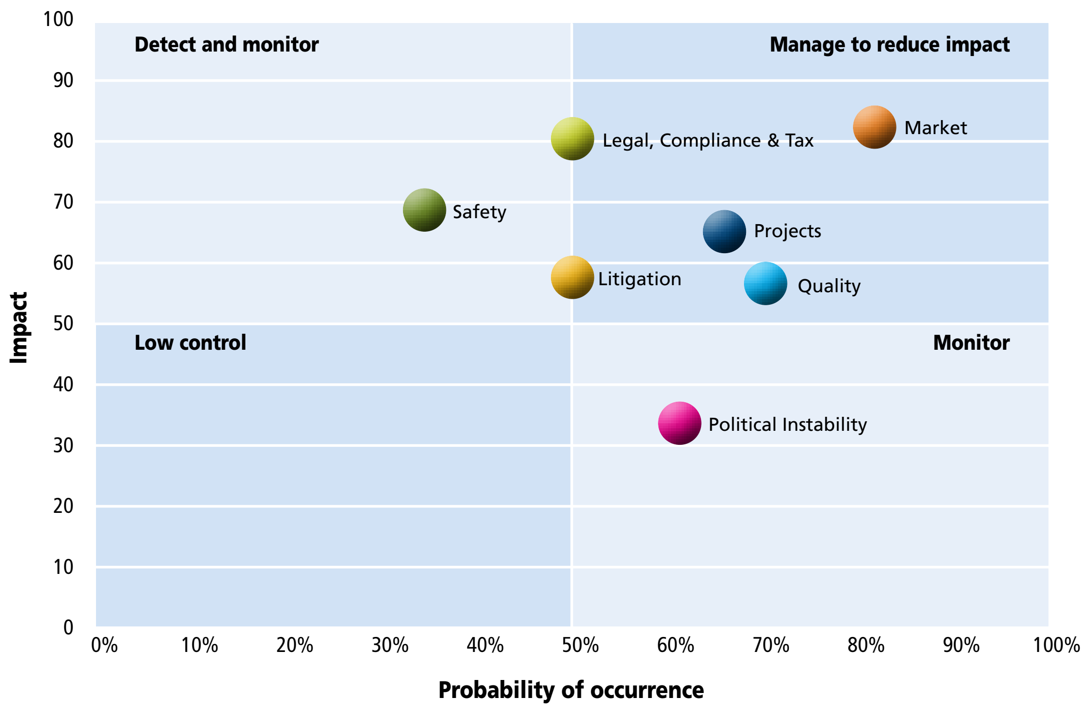
RISK	CONTEXT	MITIGATION
Market	Market conditions for both the Cement and Mining industries continue to experience headwinds, with declining commodity prices, increased risk of mine closures and continued announcements of CAPEX cuts.	The Group's strategy for managing the headwinds is focused on improving and enhancing customer productivity, new capacity and environment while the Service and Products businesses provide a stable base during the tough market conditions.
Litigation	FLSmidth is a defendant in a large number of pending lawsuits in the United States that seek to recover damages for personal injury allegedly caused by exposure to asbestos-containing products manufactured and /or distributed by FLSmidth in the past.	Part of the Group's insurance for asbestos-related claims expired in 2014. The strategy for managing the ongoing exposure includes a potential pool-sharing agreement which FLSmidth expects to enter into this year. Management's present belief is that the risk caused by the pending asbestos litigation cases in the United States is not material in the context of FLSmidth's total business operations.



Board of Directors

				
Name	Vagn Ove Sørensen Chairman	Torkil Bentzen Vice chairman	Martin Ivert	Sten Jakobsson
Age	56	69	68	67
Nationality	Danish	Danish	Swedish	Swedish
Gender	Male	Male	Male	Male
Member of the Board since	2009, Chairman since 2011 (elected at the AGM). Member of the Audit, Compensation and Nomination Committees.	2002, Vice Chairman since 2012 (elected at the AGM). Chairman of the Technology Committee. Member of the Nomination and Compensation Committees.	2008 (elected at the AGM). Member of the Technology Committee.	2011 (elected at the AGM). Member of the Audit Committee.
Number of shares in FLSmidth	6,301	5,000	300	2,000
Executive positions in Denmark	Chairman of the Boards of Directors of TDC A/S, TIA Technology A/S, Zebra A/S, and Thor Denmark Holding ApS. Vice Chairman of the Board of Directors of DFDS A/S. Member of the Board of Directors of CP Dyvig & Co. A/S and JP/Politikens Hus A/S. Senior Advisor to EQT Partners. CEO of E-FORCE ApS.	Chairman of the Board of Directors of Burmeister & Wain Scandinavian Contractor A/S, State of Green and Boel Bentzen A/S. Member of the Boards of Directors of Mesco Danmark A/S and Siemens A/S Danmark. CEO of Boel Bentzen Holding ApS.	None	None
Executive positions outside Denmark	Chairman of the Boards of Directors of Scandic Hotels AB (Sweden), Select Service Partner Plc (UK), Automic Software GmbH (Austria) and Bureau van Dijk BV (Holland). Member of the Boards of Directors of Lufthansa Cargo (Germany), Air Canada (Canada), Royal Caribbean Cruises Ltd. (USA), and Braganza AS (Norway). Senior Advisor to Morgan Stanley.	Chairman of TGE Marine AG (Germany). Senior Advisor to the Board of Mitsui Engineering & Shipbuilding Ltd. (Japan).	Chairman of the Board of Directors of Åkers (Sweden). Member of the Board of Directors of Ovako (Sweden).	Chairman of the Boards of Directors of Power Wind Partners AB (Sweden) and LKAB (Sweden). Vice Chairman of the Board of Directors of SAAB (Sweden). Member of the Boards of Directors of Stena Metall (Sweden) and Xylem Inc (USA).
Experience				
CEO	●	●	●	●
M&A	●	●	●	●
Financing & stock markets	●		●	●
International contracts	●	●	●	●
Accounting	●		●	●
Technology management		●		
Minerals and process industry			●	
Building contracting				●
Cement industry				

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Tom Knutzen	Caroline Grégoire Sainte Marie	Mette Dobel	Søren Quistgaard Larsen	Jens Peter Koch
53	58	48	37	33
Danish	French	Danish	Danish	Danish
Male	Female	Female	Male	Male
2012 (elected at the AGM). Chairman of the Audit Committee.	2012 (elected at the AGM). Member of the Technology Committee.	2009 (elected by the employees)	2013 (elected by the employees)	2013 (elected by the employees)
12,500	250	864	65	240
None	None	None	None	None
CEO of Jungbunzlauer Suisse AG (Switzerland). Member of the Board of Directors and Chairman of the Audit Committee for Nordea Bank AB (publ) (Sweden).	Member of the Boards of Directors of Groupama SA (France), Eramet (France), Wienerberger AG (Austria) and CALYOS (Belgium).	None	None	None
●	●			
●	●			
●	●			
●	●			
●	●			
●				
	●			

The Executive Management

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1: Thomas Schulz

MSc (Engineering), PhD Mining Engineering (Dissertation in Mineral Mining and Quarrying), Group Chief Executive Officer, with FLSmidth since May 2013. Born 1965, German.

Formerly various managerial positions in Sandvik since 2001: Member of Group Executive Management (2011-2013), Chairman of SJL Shan Bao (2011-2012), President of the Business Area Construction (2011-2012), President, Construction, and SVP, Mining and Construction (2005-2011), Regional President Mining and Construction Central Europe (2001-2002). With Svedala, Germany (1998-2001). PhD from Technical University of Aachen (1999).

2: Lars Vestergaard

MSc (Economics and Management), Group Executive Vice President and CFO, with FLSmidth since April 2014. Born 1974, Danish.

Formerly with Carlsberg: Vice President and Chief Information Officer (2013-2014), Chief Financial Officer Carlsberg UK (2009-2013), Vice President, Treasury (2005-2009) and Director, Treasury (2004-2005). With ISS: Vice President, Treasury (2004) and Assistant Treasurer (2000-2003). With Jyske Bank: Fixed Income Analyst (1997-2000).

3: Bjarne Moltke Hansen

BSc (Engineering), Group Executive Vice President, Product Companies Division since January 2015, with FLSmidth since 1984. Born 1961, Danish.

Formerly Group Executive Vice President, Customer Services Division, FLSmidth (2002-2015), CEO, Aalborg Portland Holding A/S (2000-2002), CEO, Cembrit Holding A/S (1995-2000), various managerial posts in Unicon A/S (1984-1995).

Executive posts in Denmark
Member of the Board of Directors of RMIG A/S and Burmeister & Wain Scandinavian Contractor A/S

4: Virve Elisabeth Meesak

BSc (Psychology and Behaviourism), Group Executive Vice President, Group Human Resources, with FLSmidth since 2013. Born 1960, Swedish.

Formerly independent human resource consultant, since 2010, Human Resource Director, Alstom Power Services, North East Europe (2008-2010), Vice President, Human Resources Sandvik Mining and Construction AB (2005-2008). Before 2005, different positions within Sales, Marketing, and HR with Ericsson, Nokia, Electrolux, Philips, Perstorp.

5: Brian M. Day

BSc, Sales recruiting and training, Leadership and business management, Group Executive Vice President, Customer Services Division since 1 January 2015, with FLSmidth since 1980. Born 1956, American.

Formerly various managerial positions in FLSmidth in the period 2007-2015: Senior Vice President, Global Customer Services, Minerals (2012-2015), Vice President, Global Customer Services, Minerals (2007-2012). With GL&V-Dorr Oliver Eimco, Vice President Aftermarket (2002-2007), Baker Hughes Inc., Aftermarket Manager (1991-2002), EIMCO Process Equipment Company, Product Engineer / Process Engineer (1980-1991).

6: Manfred Schaffer

Mechanical Engineering degree, IFL Executive Education, IMD People Development and Business Strategy, Group Executive Vice President, Minerals Division since January 2015, with FLSmidth since 2015. Born 1958, Austrian.

Formerly Group Executive Vice President, Mineral Processing Division, FLSmidth (2014-2015). Various managerial positions in Sandvik in the period 2003-2013: Most recently as President, Mining Systems (2012-2013) and President, Surface Mining (2006-2012). With Voest-Alpine in the period 1979-2003 in various managerial positions.

7: Per Mejnert Kristensen

MSc (Mechanical Engineering), Bachelor of Commerce degree, International Trade, Graduate Diploma (Bus. Admin.), International Trade, GMP, CEDEP (INSEAD), Group Executive Vice President, Cement Division since March 2012, with FLSmidth since 1992. Born 1967, Danish.

Formerly Vice President, Head of Project Division EMEA/APAC, FLSmidth (2009-2012), Vice President, Head of Project Division 1, FLSmidth (2005-2008), General Manager, FLSmidth China (2000-2005), Chief Representative, Thailand, FLSmidth (1996-1999).

8: Eric Thomas Poupier

MBA (Finance & Strategic Management) Specialised Master, (Supply Chain Management), Mechanical Engineer, Group Executive Vice President, Business Development, with FLSmidth since January 2014. Born 1976, French.

Formerly with Bain & Company: Strategy Consulting Manager (2011-2014), Strategy Consulting Consultant (2007-2011). With Bosch Group: Purchasing Manager, Bosch Rexroth, China (2005), Strategic Purchaser, Corporate Purchasing, Bosch Rexroth (2002-2005), Germany, Purchasing Rotational Program, Robert Bosch GmbH, Germany (2000-2002).

Shareholder information

FLSmidth has a sustainable business model and good growth opportunities. With roughly two-thirds of revenue being generated in emerging markets, an investment in FLSmidth is an investment in the emerging markets' growth story.

Capital and share structure

FLSmidth & Co. A/S is listed on NASDAQ OMX Copenhagen. The share capital is DKK 1,025,000,000 (end of 2014: DKK 1,025,000,000) and the total number of issued shares is 51,250,000 (end of 2014: 51,250,000). Each share entitles the holder to 20 votes. No special rights are attached to any share and there are no restrictions on the transferability of the shares.

The FLSmidth & Co. A/S share is included in a number of share indices on NASDAQ OMX Copenhagen, including OMXC20, a leading share index. In total, the FLSmidth & Co. A/S share is included in 146 Danish, Nordic, European and global share indices.

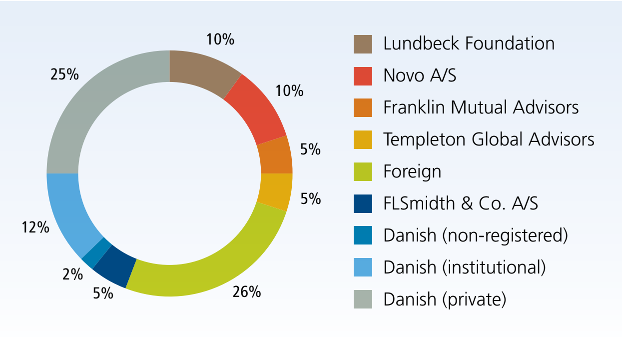
The company had approximately 44,000 shareholders at the end of 2015 (end of 2014: approximately 52,000). In addition, some 2,000 present and former employees hold shares in the company (end of 2014: some 2,000).

The FLSmidth & Co. A/S share has a free float of 95%. Two new shareholders reported a shareholding exceeding 10%: Lundbeckfonden and Novo A/S on behalf of Novo Nordisk Fonden.

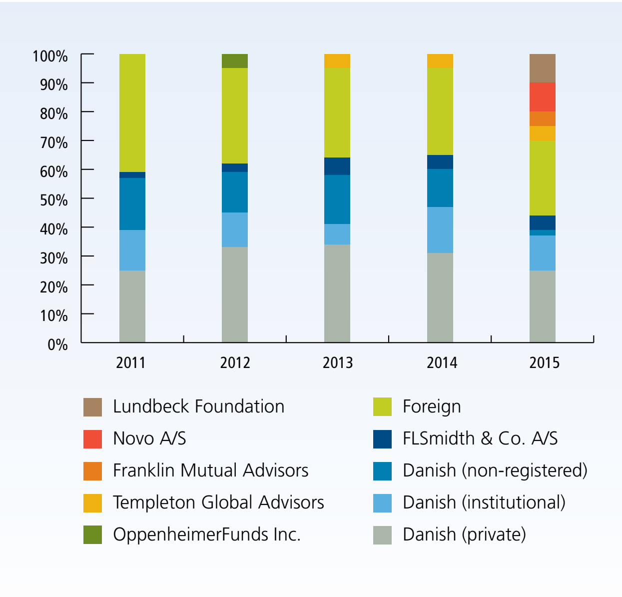
Another two shareholders have reported a shareholding exceeding 5%: Franklin Mutual Advisors and Templeton Global Advisors Limited (part of Franklin Resources Inc.).

2015 saw a slight increase in the share of foreign investors to approximately 39% including Templeton Global Advisors Limited and Franklin Mutual Advisors, USA (2014: 35%), while Danish institutional investors increased their share to 32% including Lundbeckfonden and Novo A/S (2014: 16%). In 2015, FLSmidth's holding of treasury shares was roughly unchanged 4.5% (2014: 4.8%).

Shareholder structure



Historical development in shareholder structure



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Shares and share options held by the Board and Management

The Board of Directors holds a total of 27,520 FLSmidth shares (2014: 25,110 shares). The holdings of the individual members appear on the pages 66-67.

The Group Executive Management holds a total of 8,438 FLSmidth shares (2014: 5,922 shares) and 315,667 share options (2014: 217,162 share options). In total, management and other key staff (309 persons) own 2,955,571 share options (2014: 2,268,299 share options).

Return on the FLSmidth share in 2015

The total return on the FLSmidth & Co. A/S share in 2015 was -9% (2014: -8%). By comparison, the leading Danish stock index "OMXC20 CAP" increased 32% and "Dow Jones STOXX 600 Basic Resource" index decreased 32% in 2015. The share price started the year at 272 and ended the year at 240, having ranged between 218 and 341 during the year.

Capital structure and dividend for 2015

FLSmidth Management takes a conservative approach to capital structure, with an emphasis on relatively low debt, gearing and financial risk.

The Board of Directors' priority for capital structure and capital allocation is the following:

1. Well-capitalized (NIBD/EBITDA < 2)
2. Stable dividends (30-50% of net profit)
3. Invest in organic growth
4. Value adding M&As
5. Share buyback or special dividend

The Board of Directors will propose at the Annual General Meeting that a dividend of DKK 4 per share (2014: DKK 9) corresponding to a dividend yield of 1.7% (2014: 3.3%) and a pay-out ratio of 49% (2014: 57%) be distributed for 2015.

The available capital resources consist of committed credit facilities at a total of DKK 8.3bn (end of 2014: DKK 8.3bn) with a weighted average maturity of 4.5 years (end of 2014: 4.0 years).

FLSmidth Investor Relations

Through the Investor Relations function, the Board of Directors maintains an ongoing dialogue between the company and the stock market and ensures that the positions and views of the shareholders are reported back to the Board.

Share and dividend figures, the Group

	2011	2012	2013	2014	2015
CFPS (Cash Flow per share), DKK (diluted)	21.8	33.0	(3.1)	26.3	11.0
EPS (earnings per share), DKK (diluted)	27.1	25.1	(15.3)	16.4	8.6
Equity value per share, DKK	169	181	139	158	162
DPS (Dividend per share), DKK	9	9	2	9	4
Pay-out ratio (%)	34	37	n/a	57	49
Dividend yield (dividend as pct. of share price end of year)	2.7	2.8	0.7	3.3	1.7
FLSmidth & Co. A/S share price end of year, DKK	337.5	327.2	296.1	272.3	240
Listed number of shares (1,000), end of year	53,200	53,200	53,200	51,250	51,250
Number of shares excl. own shares (1,000), end of year	52,273	51,840	49,460	49,443	48,922
Average number of shares (1,000) (diluted)	52,550	52,233	50,707	49,518	48,996
Market capitalisation, DKKm	17,955	17,407	15,753	13,955	12,300

Shareholder information

The purpose of the FLSmidth & Co. A/S Investor Relations function is to contribute to ensuring and facilitating that:

- All shareholders have equal and sufficient access to timely, relevant and price-sensitive information
- The share price reflects FLSmidth's underlying financial results and a fair market value
- The liquidity and the day-to-day trading turnover of the FLSmidth share is sufficiently attractive for both short-term and long-term investors
- The shareholder structure is appropriately diversified in terms of geography, investment profile and time scale.

To achieve these goals, an open and active dialogue is maintained with the stock market both through FLSmidth's website and electronic communication service and via investor presentations, investor meetings, webcasts, teleconferences, roadshows, the Annual General Meeting and capital market days.

Management and Investor Relations attended some 350 investor meetings and presentations (2014: ~350) held in cities including Amsterdam, Boston, Brussels, Chicago, Copenhagen, Dublin, Edinburgh, Frankfurt, Geneva, Helsinki, London, New York, Paris, Stockholm and Zurich.

FLSmidth & Co. A/S is generally categorised as a capital goods, engineering or industrial company and is currently being covered by 16 stockbrokers including seven international. For further details regarding analyst coverage, please see the company website (http://www.FLSmidth.com/analysts).

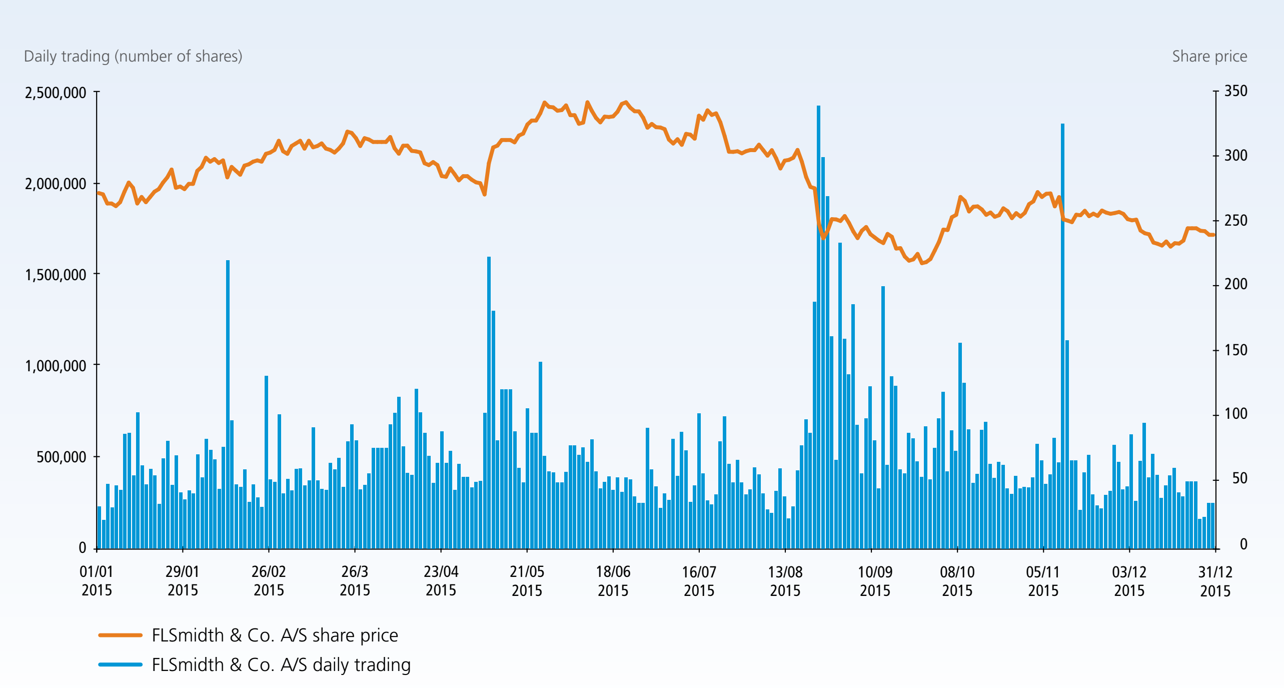
All investor relations material is available to investors at the company website (http://www.FLSmidth.com/investor). To contact the company's Investor Relations department, please see the company website (http://www.FLSmidth.com/IR_contacts).

Financial calendar 2016

5 April	Annual General Meeting
18 May	Q1 interim report
11 August	Q2 interim report
9 November	Q3 interim report

The Annual General Meeting will take place on 5 April 2016 at 16.00 hours at Tivoli Congress Center, Arni Magnussons gade 2, DK-1577 Copenhagen.

Development in share price and trading in 2015



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Company Announcements

Company Announcements 2015

Date	Description	No.
12-Jan	**FLSmidth sells Cembrit for 1.1 billion DKK** Sale of Cembrit	**1/2015**
12-Feb	**Annual Report for FLSmidth & Co. A/S 1 January - 31 December 2014** Annual Report 2014	**2/2015**
02-Mar	**NOTICE of the Annual General Meeting of FLSmidth & Co. A/S** Notice of Annual General Meeting	**3/2015**
26-Mar	**Summary of FLSmidth & Co. A/S Annual General Meeting** Summary of Annual General Meeting	**4/2015**
27-Mar	**FLSmidth receives order from Moroccan phosphate producer** DKK 223m phosphate order in Morocco	**5/2015**
07-Apr	**Large shareholder announcement – Franklin Mutual Advisers, LLC** Large shareholder announcement	**6/2015**
06-May	**FLSmidth reaches agreement to exit O&M contracts in Nigeria** Discontinuation of Operation & Maintenance contract	**7/2015**
08-May	**Interim Report for FLSmidth & Co. A/S 1 January - 31 March 2015** Q1 Interim Report	**8/2015**
11-May	**FLSmidth to supply equipment for pet coke plant in Saudi Arabia** DKK 216m pet coke order in Saudi Arabia	**9/2015**
23-May	**FLSmidth to supply largest cement plant in South-East Asia** DKK 750m cement order in Vietnam	**10/2015**
08-Jul	**Reports in the Russian and Danish media** Reports in Russian and Danish media	**11/2015**
11-Jul	**FLSmidth to supply cement plant in Pakistan** DKK 425m cement order in Pakistan	**12/2015**
15-Jul	**FLSmidth to supply complete Air Pollution Control system** DKK 266m iron ore order in the USA	**13/2015**
15-Jul	**FLSmidth: Correction to recently published stock exchange announcement** Correction to announcement no. 13-2015	**14/2015**
25-Aug	**Interim Report for FLSmidth & Co. A/S 1 January - 30 June 2015** Q2 Interim Report	**15/2015**
01-Sep	**Large shareholder announcement – Lundbeckfonden** Large shareholder announcement	**16/2015**
09-Sep	**FLSmidth to supply equipment for copper-magnetite plant** DKK 600m copper order in Russia	**17/2015**
16-Sep	**FLSmidth & Co. A/S financial calendar 2016** Financial calendar	**18/2015**
16-Sep	**New candidates for FLSmidth's Board of Directors** New candidates for the Board of Directors	**19/2015**
22-Sep	**Large shareholder announcement – Lundbeckfonden** Large shareholder announcement	**20/2015**
08-Oct	**Large shareholder announcement – Novo Nordisk Fonden and Novo A/S** Large shareholder announcement	**21/2015**
19-Oct	**FLSmidth wins five-year maintenance contract in Chile** Copper maintenance contract in Chile (contract value not disclosed)	**22/2015**
12-Nov	**Interim Report for FLSmidth & Co. A/S 1 January - 30 September 2015** Q3 Interim Report	**23/2015**
20-Nov	**New share option plan** New share option plan	**24/2015**
26-Nov	**Large shareholder announcement – Novo Nordisk Fonden and Novo A/S** Large shareholder announcement	**25/2015**

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report for the financial year 1 January - 31 December 2015.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU. The parent financial statements are presented in accordance with the Danish Financial Statements Act. Further, the annual report is prepared in accordance with Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2015 as well as of the results of their operations and cash flows for the financial year 1 January - 31 December 2015.

In our opinion, the management's review contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Group and the Parent face.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 11 February 2016

Group Executive Management

Thomas Schulz
Group Chief Executive Officer

Lars Vestergaard
Group Executive Vice President and CFO

Bjarne Moltke Hansen
Group Executive Vice President

Per Mejnert Kristensen
Group Executive Vice President

Board of Directors

Vagn Ove Sørensen
Chairman

Torkil Bentzen
Vice chairman

Martin Ivert

Sten Jakobsson

Tom Knutzen

Caroline Grégoire Sainte Marie

Mette Dobel

Søren Quistgaard Larsen

Jens Peter Koch

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Independent auditor's reports

To the shareholders of FLSmidth & Co. A/S

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of FLSmidth & Co. A/S for the financial year 1 January - 31 December 2015, which comprise the income statement, balance sheet, statement of changes in equity and notes, including the accounting policies, for the Group as well as the Parent, and the statement of comprehensive income and the cash flow statement of the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies as well as the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2015 , and of the results of its operations and cash flows for the financial year 1 January - 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2015, and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the management's review

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated financial statements and parent financial statements.

Copenhagen, 11 February 2016

Deloitte (CVR-nr. 33963556)
Statsautoriseret Revisionspartnerselskab

Anders Dons
State Authorised Public Accountant

Lars Siggaard Hansen
State Authorised Public Accountant

Quarterly key figures (unaudited)

DKKm	2013	2014				2015			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
INCOME STATEMENT									
Revenue	6,837	4,833	5,063	4,976	5,627	4,683	5,093	4,609	5,297
Gross profit	**1,375**	**1,226**	**1,348**	**1,286**	**1,265**	**1,190**	**1,327**	**1,174**	**1,255**
Sales, distr. and admin. costs and other operating items	(976)	(761)	(765)	(721)	(772)	(718)	(815)	(743)	(792)
EBITDA	**399**	**465**	**583**	**565**	**493**	**472**	**512**	**431**	**463**
Special non-recurring items	46	0	(6)	(4)	2	0	2	(1)	(6)
Depreciation and impairment of tangible assets	(66)	(66)	(65)	(68)	(76)	(72)	(74)	(72)	(73)
EBITA	**379**	**399**	**512**	**493**	**419**	**400**	**440**	**358**	**384**
Amortisation and impairment of intangible assets	(161)	(87)	(88)	(87)	(145)	(104)	(119)	(113)	(105)
EBIT	**218**	**312**	**424**	**406**	**274**	**296**	**321**	**245**	**279**
Financial income/costs, net	(122)	(56)	(56)	(92)	67	(18)	30	(93)	(175)
EBT	**96**	**256**	**368**	**314**	**341**	**278**	**351**	**152**	**104**
Tax for the period	(103)	(67)	(95)	(81)	(155)	(82)	(113)	(47)	(40)
Profit/(loss) on continuing activities for the period	**(7)**	**189**	**273**	**233**	**186**	**196**	**238**	**105**	**64**
Profit/loss on discontinued activities for the period	(172)	(74)	(36)	(18)	60	76	(24)	(189)	(41)
Profit/(loss) for the period	**(179)**	**115**	**237**	**215**	**246**	**272**	**214**	**(84)**	**23**
Effect of purchase price allocations	(79)	(76)	(76)	(76)	(76)	(71)	(71)	(71)	(71)
Gross margin	*20.1%*	*25.4%*	*26.6%*	*25.9%*	*22.5%*	*25.4%*	*26.1%*	*25.5%*	*23.7%*
EBITDA margin	*5.8%*	*9.6%*	*11.5%*	*11.4%*	*8.8%*	*10.1%*	*10.1%*	*9.4%*	*8.7%*
EBITA margin	*5.5%*	*8.3%*	*10.1%*	*9.9%*	*7.4%*	*8.5%*	*8.6%*	*7.8%*	*7.2%*
EBIT margin	*3.2%*	*6.5%*	*8.4%*	*8.2%*	*4.9%*	*6.3%*	*6.3%*	*5.3%*	*5.3%*
CASH FLOW									
Cash flow from operating activities	77	(552)	224	887	739	(45)	(61)	496	148
Cash flow from investing activities	(101)	(72)	(157)	(152)	(217)	760	(44)	14	20
ORDERS									
Order intake, continuing activities	4,528	4,824	4,286	4,423	3,734	4,440	5,208	5,151	3,691
Order backlog, continuing activities	20,777	20,818	20,113	19,874	17,726	17,562	16,952	16,666	14,858
SEGMENT REPORTING									
Customer Services									
Revenue	1,731	1,586	1,744	1,793	1,938	1,768	1,813	1,793	1,920
Gross profit	424	485	548	512	437	456	564	522	567
EBITDA	166	264	291	283	222	199	292	260	305
EBITA	154	241	270	260	197	173	266	233	279
EBIT	131	211	237	229	150	135	223	192	240
Gross margin	*24.5%*	*30.6%*	*31.4%*	*28.6%*	*22.5%*	*25.8%*	*31.1%*	*29.1%*	*29.6%*
EBITDA margin	*9.6%*	*16.6%*	*16.7%*	*15.8%*	*11.5%*	*11.3%*	*16.1%*	*14.5%*	*15.9%*
EBITA margin	*8.9%*	*15.2%*	*15.5%*	*14.5%*	*10.2%*	*9.8%*	*14.7%*	*13.0%*	*14.5%*
EBIT margin	*7.6%*	*13.3%*	*13.6%*	*12.8%*	*7.7%*	*7.6%*	*12.3%*	*10.7%*	*12.5%*
Order intake	1,866	1,943	1,613	1,711	1,580	1,796	1,733	1,526	1,655
Order backlog	3,925	4,168	4,009	4,187	3,575	2,783	3,003	2,725	2,469
Product Companies									
Revenue	1,607	1,356	1,369	1,347	1,451	1,371	1,531	1,336	1,473
Gross profit	401	386	412	389	378	422	438	386	406
EBITDA	174	151	243	220	160	223	235	186	205
EBITA	151	130	214	190	138	200	211	161	184
EBIT	129	110	197	170	119	182	198	143	166
Gross margin	*25.0%*	*28.5%*	*30.1%*	*28.8%*	*26.1%*	*30.8%*	*28.6%*	*28.9%*	*27.5%*
EBITDA margin	*10.8%*	*11.1%*	*17.8%*	*16.4%*	*11.0%*	*16.3%*	*15.3%*	*13.9%*	*13.9%*
EBITA margin	*9.4%*	*9.6%*	*15.6%*	*14.1%*	*9.5%*	*14.6%*	*13.8%*	*12.0%*	*12.5%*
EBIT margin	*8.0%*	*8.1%*	*14.4%*	*12.7%*	*8.2%*	*13.3%*	*12.9%*	*10.7%*	*11.3%*
Order intake	1,149	1,516	1,326	1,156	1,194	1,580	1,431	1,479	1,252
Order backlog	2,939	3,133	3,067	2,962	2,667	3,291	2,887	2,864	2,536

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Quarterly key figures (unaudited)

DKKm	2013	2014				2015			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Minerals									
Revenue	2,406	1,286	1,152	1,088	1,407	822	812	816	1,126
Gross profit	508	222	236	232	228	140	130	135	179
EBITDA	140	39	(6)	4	35	(25)	(112)	(46)	(10)
EBITA	139	24	(21)	(9)	17	(39)	(127)	(60)	(32)
EBIT	56	(8)	(55)	(40)	(50)	(78)	(174)	(102)	(70)
Gross margin	*21.1%*	*17.3%*	*20.5%*	*21.3%*	*16.2%*	*17.0%*	*16.0%*	*16.6%*	*15.9%*
EBITDA margin	*5.8%*	*3.0%*	*-0.5%*	*0.4%*	*2.5%*	*-3.0%*	*-13.8%*	*-5.6%*	*-0.9%*
EBITA margin	*5.8%*	*1.9%*	*-1.8%*	*-0.7%*	*1.2%*	*-4.7%*	*-15.6%*	*-7.4%*	*-2.8%*
EBIT margin	*2.3%*	*-0.6%*	*-4.8%*	*-3.7%*	*-3.6%*	*-9.5%*	*-21.4%*	*-12.5%*	*-6.3%*
Order intake	711	834	742	962	604	851	1,057	1,574	630
Order backlog	5,830	5,422	5,108	5,120	4,298	4,746	4,806	5,138	4,614
Cement									
Revenue	1,430	858	1,023	972	1,098	951	1,183	792	985
Gross profit	55	133	152	154	221	166	192	119	124
EBITDA	(60)	22	49	61	71	54	85	8	(15)
EBITA	(65)	17	44	56	64	47	79	2	(29)
EBIT	(77)	12	40	51	52	38	63	(10)	(39)
Gross margin	*3.8%*	*15.5%*	*14.9%*	*15.9%*	*20.1%*	*17.5%*	*16.2%*	*15.1%*	*12.5%*
EBITDA margin	*-4.2%*	*2.6%*	*4.8%*	*6.3%*	*6.5%*	*5.7%*	*7.2%*	*1.0%*	*-1.6%*
EBITA margin	*-4.5%*	*2.0%*	*4.3%*	*5.8%*	*5.8%*	*4.9%*	*6.7%*	*0.3%*	*-3.0%*
EBIT margin	*-5.4%*	*1.4%*	*3.9%*	*5.3%*	*4.7%*	*4.0%*	*5.3%*	*-1.3%*	*-3.9%*
Order intake	1,092	769	817	810	547	438	1,289	680	396
Order backlog	8,751	8,768	8,596	8,274	7,768	7,331	6,883	6,529	5,852

Calculations of margins are based on non-rounded figures.

Bulk Material Handling and Cembrit classified as discontinued activities.

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Consolidated income statement

Notes	DKKm	2015	2014
1+3	Revenue	19,682	20,499
	Production costs	(14,736)	(15,374)
	Gross profit	**4,946**	**5,125**
	Sales and distribution costs	(1,480)	(1,405)
	Administrative costs	(1,654)	(1,651)
4	Other operating items	66	37
	EBITDA	**1,878**	**2,106**
5	Special non-recurring items	(5)	(8)
17	Depreciation and impairment of tangible assets	(291)	(275)
	EBITA	**1,582**	**1,823**
16	Amortisation and impairment of intangible assets	(441)	(407)
	EBIT	**1,141**	**1,416**
24	Financial income	1,652	1,399
24	Financial costs	(1,908)	(1,536)
	EBT	**885**	**1,279**
32	Tax for the year	(282)	(398)
	Profit/(loss) for the year, continuing activities	**603**	**881**
40	Profit/(loss) for the year, discontinued activities	(178)	(68)
	Profit/(loss) for the year	**425**	**813**
	To be distributed as follows:		
	FLSmidth & Co. A/S' shareholders' share of profit/(loss) for the year	421	812
6	Minority shareholders' share of profit/(loss) for the year	4	1
		425	**813**
37	Earnings per share (EPS):		
	Continuing and discontinued activities per share	8.6	16.4
	Continuing and discontinued activities, diluted, per share	8.6	16.4
	Continuing activities per share	12.3	17.8
	Continuing activities, diluted, per share	12.3	17.8

Consolidated statement of comprehensive income

Notes	DKKm	2015	2014
	Profit/(loss) for the year	425	813
	Other comprehensive income for the year		
	Items that will not be reclassified to profit or loss		
	Actuarial gains/(losses) on defined benefit plans	(16)	(123)
32	Tax on items that will not be reclassified to profit or loss	3	19
	Items that are or may be reclassified subsequently to profit or loss		
	Foreign exchange adjustments regarding enterprises abroad	73	295
	Foreign exchange adjustments of loans classified as equity in enterprises abroad	206	107
	Value adjustments of hedging instruments:		
	Value adjustments for the year	(85)	(153)
	Value adjustments transferred to work-in-progress	4	0
	Value adjustments transferred to production costs	86	0
	Value adjustments transferred to financial income and costs	(48)	107
	Value adjustments transferred to other operating items	0	6
32	Tax on items that are or may be reclassified subsequently to profit or loss	(35)	4
	Other comprehensive income for the year after tax	**188**	**262**
	Comprehensive income for the year	**613**	**1,075**
	Comprehensive income for the year attributable to:		
	FLSmidth & Co. A/S' shareholders' share of comprehensive income for the year	612	1,073
	Minority shareholders' share of comprehensive income for the year	1	2
		613	**1,075**

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Consolidated cash flow statement

Notes	DKKm	2015	2014
	EBITDA, continuing activities	1,878	2,106
	EBITDA, discontinued activities	(289)	(60)
	EBITDA	**1,589**	**2,046**
	Adjustment for gain/(losses) on sale of tangible and intangible assets and special non-recurring items etc.	2	12
	Adjusted EBITDA	**1,591**	**2,058**
8	Change in provisions	68	(431)
9	Change in net working capital	(733)	168
	Cash flow from operating activities before financial items and tax	**926**	**1,795**
10	Financial items received and paid	(50)	(86)
32	Taxes paid	(338)	(411)
	Cash flow from operating activities	**538**	**1,298**
38	Acquisition of enterprises and activities	0	(200)
16	Acquisition of intangible assets	(72)	(141)
17	Acquisition of tangible assets	(139)	(366)
	Acquisition of financial assets	(2)	0
39	Disposal of enterprises and activities	873	16
	Disposal of intangible assets	7	10
	Disposal of tangible assets	82	77
	Disposal of financial assets	1	6
	Cash flow from investing activities	**750**	**(598)**
	Dividend paid	(446)	(104)
	Acquisition of treasury shares	(6)	(195)
	Disposal of treasury shares	23	10
11	Change in net interest-bearing debt	(707)	(514)
	Cash flow from financing activities	**(1,136)**	**(803)**
	Change in cash and cash equivalents	**152**	**(103)**
26	Cash and cash equivalents at 1 January	1,021	1,077
	Foreign exchange adjustment, cash and cash equivalents	(16)	47
	Cash and cash equivalents at 31 December	**1,157**	**1,021**
41	Cash and cash equivalents included in assets held for sale	34	58
26	Cash and cash equivalents	1,123	963
	Cash and cash equivalents at 31 December	**1,157**	**1,021**

The cash flow statement cannot be inferred from the published financial information only.

Consolidated balance sheet

Assets

Notes	DKKm	2015	2014
	Goodwill	4,362	4,275
	Patents and rights	1,335	1,490
	Customer relations	1,102	1,207
	Other intangible assets	53	109
	Completed development projects	281	336
	Intangible assets under development	345	336
16	**Intangible assets**	**7,478**	**7,753**
	Land and buildings	1,723	1,707
	Plant and machinery	678	693
	Operating equipment, fixtures and fittings	169	191
	Tangible assets in course of construction	52	111
17	**Tangible assets**	**2,622**	**2,702**
31	Other securities and investments	125	98
23	Pension assets	0	3
33	Deferred tax assets	1,096	979
	Financial assets	**1,221**	**1,080**
	Total non-current assets	**11,321**	**11,535**
14	**Inventories**	**2,445**	**2,628**
15	Trade receivables	4,884	5,026
13	Work-in-progress for third parties	2,526	3,289
	Prepayments to subcontractors	347	279
15	Other receivables	1,076	1,236
	Receivables	**8,833**	**9,830**
26	**Cash and cash equivalents**	**1,123**	**963**
41	**Assets classified as held for sale**	**640**	**1,396**
	Total current assets	**13,041**	**14,817**
	TOTAL ASSETS	**24,362**	**26,352**

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Equity and liabilities

Notes	DKKm	2015	2014
	Share capital	1,025	1,025
	Foreign exchange adjustments	(50)	(332)
	Value adjustments of hedging transactions	(106)	(63)
	Retained earnings	6,873	6,629
	Proposed dividend	205	461
	FLSmidth & Co. A/S' shareholders' share of equity	**7,947**	**7,720**
	Minority shareholders' share of equity	35	41
	Total equity	**7,982**	**7,761**
33	Deferred tax liabilities	380	552
21+23	Pension liabilities	278	263
20+21	Other provisions	509	551
21	Bank loans and mortgage debt	4,791	4,129
21	Prepayments from customers	120	229
21	Other liabilities	150	144
	Long-term liabilities	**6,228**	**5,868**
23	Pension liabilities	5	6
20	Other provisions	1,047	1,047
	Bank loans	87	1,401
	Prepayments from customers	1,147	1,602
13	Work-in-progress for third parties	2,453	3,223
	Trade payables	2,546	2,736
	Current tax liabilities	411	261
	Other liabilities	1,915	1,964
	Short-term liabilities	**9,611**	**12,240**
41	**Liabilities directly associated with assets classified as held for sale**	**541**	**483**
	Total liabilities	**16,380**	**18,591**
	TOTAL EQUITY AND LIABILITIES	**24,362**	**26,352**

Consolidated equity

DKKm	Share capital	Foreign exchange adjustments	Value adjustments of hedging transactions	Retained earnings	Proposed dividend	FLSmidth & Co. A/S' shareholders' share of equity	Minority shareholders' share of equity	Total
Equity at 1 January 2015	**1,025**	**(332)**	**(63)**	**6,629**	**461**	**7,720**	**41**	**7,761**
Comprehensive income for the year								
Profit/(loss) for the year				421		421	4	425
Other comprehensive income								
Actuarial gains/losses on defined benefit plans				(16)		(16)		(16)
Foreign exchange adjustments regarding enterprises abroad		76				76	(3)	73
Foreign exchange adjustments of loans classified as equity in enterprises abroad		206				206		206
Value adjustments of hedging instruments:								
Value adjustments for the year			(85)			(85)		(85)
Value adjustments transferred to work- in-progress			4			4		4
Value adjustments transferred to production costs			86			86		86
Value adjustments transferred to financial income and costs			(48)			(48)		(48)
Tax on other comprehensive income*				(32)		(32)		(32)
Other comprehensive income total	**0**	**282**	**(43)**	**(48)**	**0**	**191**	**(3)**	**188**
Comprehensive income for the year	**0**	**282**	**(43)**	**373**	**0**	**612**	**1**	**613**
Dividend distributed					(439)	(439)	(7)	(446)
Dividend treasury shares				22	(22)	0		0
Share-based payment, share options				37		37		37
Proposed dividend				(205)	205	0		0
Disposal treasury shares				23		23		23
Acquisition treasury shares				(6)		(6)		(6)
Equity at 31 December 2015	**1,025**	**(50)**	**(106)**	**6,873**	**205**	**7,947**	**35**	**7,982**

* For specification of tax on other comprehensive income see note 32 in the consolidated financial statements.

Dividend distributed in 2015 consists of DKK 9 per share (2014: DKK 2).
Proposed dividend for 2015 amounts to DKK 4 per share (2014: DKK 9).

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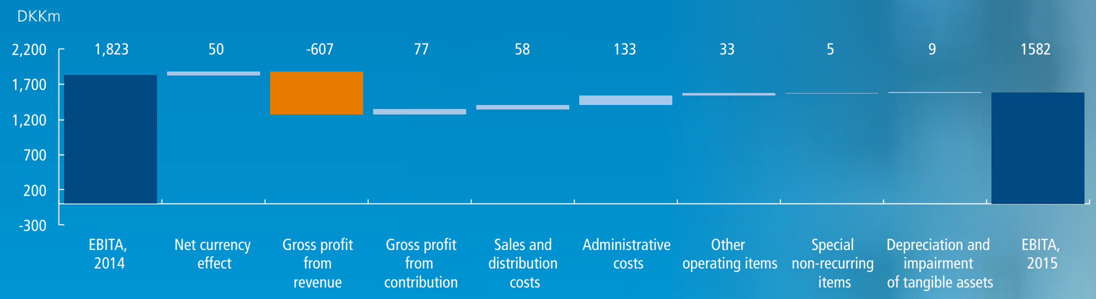
DKKm	Share capital	Foreign exchange adjustments	Value adjustments of hedging transactions	Retained earnings	Proposed dividend	FLSmidth & Co. A/S' shareholders' share of equity	Minority shareholders' share of equity	Total
Equity at 1 January 2014	**1,064**	**(733)**	**(23)**	**6,474**	**106**	**6,888**	**34**	**6,922**
Comprehensive income for the year								
Profit/(loss) for the year				812		812	1	813
Other comprehensive income								
Actuarial gains/losses on defined benefit plans				(123)		(123)		(123)
Foreign exchange adjustments regarding enterprises abroad		294				294	1	295
Foreign exchange adjustments of loans classified as equity in enterprises abroad		107				107		107
Value adjustments of hedging instruments:								
Value adjustments for the year			(153)			(153)		(153)
Value adjustments transferred to financial income and costs			107			107		107
Value adjustments transferred to other operating items			6			6		6
Tax on other comprehensive income*				23		23		23
Other comprehensive income total	**0**	**401**	**(40)**	**(100)**	**0**	**261**	**1**	**262**
Comprehensive income for the year	**0**	**401**	**(40)**	**712**	**0**	**1,073**	**2**	**1,075**
Dividend distributed					(99)	(99)	(5)	(104)
Dividend treasury shares				7	(7)	0		0
Share-based payment, share options				43		43		43
Proposed dividend				(461)	461	0		0
Disposal treasury shares				10		10		10
Acquisition treasury shares				(195)		(195)		(195)
Cancellation of treasury shares	(39)			39		0		0
Addition of minority interests				0		0	14	14
Reduction of minority interests						0	(4)	(4)
Equity at 31 December 2014	**1,025**	**(332)**	**(63)**	**6,629**	**461**	**7,720**	**41**	**7,761**

* For specification of tax on other comprehensive income see note 32 in the consolidated financial statements.

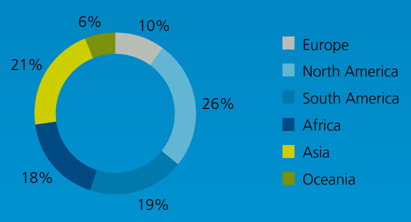
Dividend distributed in 2014 consists of DKK 2 per share (2013: DKK 9).
Proposed dividend for 2014 amounts to DKK 9 per share (2013: DKK 2).

At a glance
Operating activities and EBITA

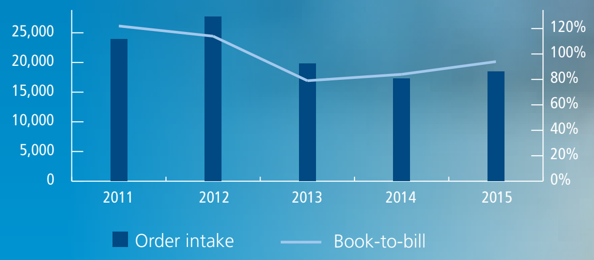
EBITA bridge



Revenue by region



Book-to-bill



Order intake
continuing activities (DKKm)

18,490

up from 17,267

Order backlog
continuing activities (DKKm)

14,858

down from 17,726

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1. Geographical information

North America

Revenue: **5,046** (2014: 4,431)

Assets: **8,583** (2014: 8,236)

Employees: **2,300** (2014: 2,547)

USA

Revenue: **3,412** (2014: 3,171)

Non-current assets: **3,685** (2014: 3,440)

Canada

Revenue: **815** (2014: 738)

Non-current assets: **662** (2014: 738)

Europe

Revenue: **1,931** (2014: 2,396)

Assets: **7,618** (2014: 9,300)

Employees: **2,625** (2014: 3,815)

Denmark

Revenue: **86** (2014: 43)

Non-current assets: **2,040** (2014: 2,228)

South America

Revenue: **3,776** (2014: 3,451)

Assets: **2,554** (2014: 3,072)

Employees: **1,568** (2014: 1,448)

Chile

Revenue: **1,723** (2014: 1,523)

Non-current assets: **457** (2014: 432)

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Asia

Revenue: **4,171** (2014: 4,964)

Assets: **2,731** (2014: 2,694)

Employees: **3,663** (2014: 3,846)

India

Revenue: **1,191** (2014: 1,200)

Non-current assets: **476** (2014: 432)

Africa

Revenue: **3,557** (2014: 3,559)

Assets: **1,068** (2014: 969)

Employees: **2,253** (2014: 2,497)

Oceania

Revenue: **1,201** (2014: 1,698)

Assets: **1,808** (2014: 2,081)

Employees: **560** (2014: 612)

Australia

Revenue: **1,179** (2014: 1,679)

Non-current assets: **969** (2014: 1,015)

Segment information

Accounting policy

FLSmidth operates in following business segments: Customer Services, Product Companies, Minerals and Cement which forms the basis of Management's day-to-day control of the business.

Customer Services include service, spare part and wear part sales and upgrades carried out before, while and after FLSmidth installs a plant and commissions it.

Product Companies include nine diverse product companies. Some offer primarily systems while the majority offer products with a focus on assembly or manufacturing. All product companies are characterised by a high service content.

Minerals encompasses all the technologies, products, processes and systems used to separate commercially viable minerals from their ores. The Minerals division delivers engineered and customised single products, EPS projects and EPC projects to the global mining industry.

Cement includes design/engineering and building of complete cement plants, production lines, single machinery, spare parts, knowhow, services and maintenance to the global cement industry.

Operating and maintenance of cement and minerals plants are included in the Cement and Minerals divisions, respectively.

Other companies, etc. consist of companies with no activities, real estate, eliminations and the parent company, while discontinued activities consist of Cembrit, bulk material handling activities and run-off on activities sold in previous years.

Revenue, assets, non-current assets and employees are presented by geographical region.

Segment income and costs include transactions between segments. Such transactions are determined on market terms. The transactions are eliminated in connection with the consolidation.

As announced on 13 August 2014, FLSmidth has implemented a new structure 1 January 2015. The Material Handling and Mineral Processing divisions are merged into a Minerals Division. Cement and Customer Services are maintained as separate divisions. A new Product Companies Division is created including nine product companies earlier reported as part of the other divisions. Additionally, it has been decided to transfer all active and future cement operation and maintenance contracts from the Customer Services Division to the Cement Division with effect from 30 September 2015. As a consequence of the new structure, the comparative figures for 2014 have been restated accordingly.

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2. Breakdown of the Group by segments for 2015

DKKm	Customer Services	Product Companies	Minerals	Cement	Other companies etc.	Continuing activities	Discon-tinued activities	FLSmidth Group
INCOME STATEMENT								
External revenue	7,240	4,969	3,562	3,911	0	19,682	1,113	20,795
Internal revenue	54	742	14	0	(810)	0	0	0
Revenue	**7,294**	**5,711**	**3,576**	**3,911**	**(810)**	**19,682**	**1,113**	**20,795**
Production costs	(5,185)	(4,059)	(2,992)	(3,310)	810	(14,736)	(1,206)	(15,942)
Gross profit	**2,109**	**1,652**	**584**	**601**	**0**	**4,946**	**(93)**	**4,853**
Sales, distr. and admin. costs and other operating items	(1,053)	(803)	(777)	(469)	34	(3,068)	(196)	(3,264)
EBITDA	**1,056**	**849**	**(193)**	**132**	**34**	**1,878**	**(289)**	**1,589**
Special non-recurring items	(3)	0	(9)	0	7	(5)	127	122
Depreciation and impairment of tangible assets	(102)	(93)	(56)	(33)	(7)	(291)	(7)	(298)
EBITA	**951**	**756**	**(258)**	**99**	**34**	**1,582**	**(169)**	**1,413**
Amortisation and impairment of intangible assets	(161)	(67)	(166)	(47)	0	(441)	(80)	(521)
EBIT	**790**	**689**	**(424)**	**52**	**34**	**1,141**	**(249)**	**892**
ORDER INTAKE (GROSS)	**6,710**	**5,742**	**4,112**	**2,803**	**(877)**	**18,490**	**332**	**18,822**
ORDER BACKLOG	**2,469**	**2,536**	**4,614**	**5,852**	**(613)**	**14,858**	**868**	**15,726**
FINANCIAL RATIOS								
Gross margin	*28.9%*	*28.9%*	*16.3%*	*15.4%*	*n/a*	*25.1%*	*n/a*	*23.3%*
EBITDA margin	*14.5%*	*14.9%*	*-5.4%*	*3.4%*	*n/a*	*9.5%*	*n/a*	*7.6%*
EBITA margin	*13.0%*	*13.2%*	*-7.2%*	*2.5%*	*n/a*	*8.0%*	*n/a*	*6.8%*
EBIT margin	*10.8%*	*12.1%*	*-11.9%*	*1.3%*	*n/a*	*5.8%*	*n/a*	*4.3%*
Number of employees at 31 December	**4,731**	**3,325**	**1,881**	**2,793**	**0**	**12,730**	**239**	**12,969**
Reconciliation of the year's profit/(loss)								
Segment earnings before interest and tax (EBIT) of reportable segments						1,141	(249)	
Financial income						1,652	40	
Financial costs						(1,908)	(59)	
EBT						**885**	**(268)**	
Tax for the year						(282)	90	
Profit/(loss) for the year						**603**	**(178)**	

It has been decided to ring-fence and restructure the bulk material handling activities with a view to divest the activities. Consequently, the impacted activities have been reclassified as discontinued activities. Cembrit was sold as of 30 January 2015. Therefore, Cembrit activities are reported as discontinued. Comparative figures are adjusted accordingly.

2. Breakdown of the Group by segments for 2014

DKKm	Customer Services	Product Companies	Minerals	Cement	Other companies etc.	Continuing activities	Discon-tinued activities	FLSmidth Group
INCOME STATEMENT								
External revenue	6,944	4,708	4,898	3,949	0	20,499	2,165	22,664
Internal revenue	117	815	35	2	(969)	0	0	0
Revenue	**7,061**	**5,523**	**4,933**	**3,951**	**(969)**	**20,499**	**2,165**	**22,664**
Production costs	(5,079)	(3,958)	(4,015)	(3,291)	969	(15,374)	(1,822)	(17,196)
Gross profit	**1,982**	**1,565**	**918**	**660**	**0**	**5,125**	**343**	**5,468**
Sales, distr. and admin. costs and other operating items	(922)	(791)	(846)	(457)	(3)	(3,019)	(403)	(3,422)
EBITDA	**1,060**	**774**	**72**	**203**	**(3)**	**2,106**	**(60)**	**2,046**
Special non-recurring items	0	(5)	(3)	0	0	(8)	(17)	(25)
Depreciation and impairment of tangible assets	(92)	(97)	(58)	(22)	(6)	(275)	(60)	(335)
EBITA	**968**	**672**	**11**	**181**	**(9)**	**1,823**	**(137)**	**1,686**
Amortisation and impairment of intangible assets	(141)	(76)	(164)	(26)	0	(407)	(3)	(410)
EBIT	**827**	**596**	**(153)**	**155**	**(9)**	**1,416**	**(140)**	**1,276**
ORDER INTAKE (GROSS)	**6,847**	**5,192**	**3,142**	**2,943**	**(857)**	**17,267**	**494**	**17,761**
ORDER BACKLOG	**3,575**	**2,667**	**4,298**	**7,768**	**(582)**	**17,726**	**1,291**	**19,017**
FINANCIAL RATIOS								
Gross margin	*28.1%*	*28.3%*	*18.6%*	*16.7%*	*n/a*	*25.0%*	*n/a*	*24.1%*
EBITDA margin	*15.0%*	*14.0%*	*1.5%*	*5.1%*	*n/a*	*10.3%*	*n/a*	*9.0%*
EBITA margin	*13.7%*	*12.2%*	*0.2%*	*4.6%*	*n/a*	*8.9%*	*n/a*	*7.4%*
EBIT margin	*11.7%*	*10.8%*	*-3.1%*	*3.9%*	*n/a*	*6.9%*	*n/a*	*5.6%*
Number of employees at 31 December	**4,473**	**3,376**	**2,386**	**3,227**	**9**	**13,471**	**1,294**	**14,765**

Reconciliation of the year's profit/(loss)		
Segment earnings before interest and tax (EBIT) of reportable segments	1,416	(140)
Financial income	1,399	35
Financial costs	(1,536)	(19)
EBT	**1,279**	**(124)**
Tax for the year	(398)	56
Profit/(loss) for the year	**881**	**(68)**

It has been decided to ring-fence and restructure the bulk material handling activities with a view to divest the activities. Consequently, the impacted activities have been reclassified as discontinued activities. Cembrit was sold as of 30 January 2015. Therefore, Cembrit activities are reported as discontinued. Comparative figures are adjusted accordingly.

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3. Revenue

Accounting policy

Revenue is recognised in the income statement on delivery and passing of the risk to the buyer, and when the revenue can be measured reliably. Revenue consists of the following products and services:

- Project sales
- Product sales
- Services, spare parts, wear parts and sales, etc.

Work-in-progress for third parties is recognised in revenue based on the value of the work completed at the balance sheet date, whereby the revenue corresponds to the sales value of the year's completed work based on costs incurred as percentage of the total estimated costs (percentage of completion method).

Revenue from the supply of services, spare parts and wear parts are recognised as revenue in line with the services agreed being supplied, so that the revenue corresponds to the sales value of the work completed in the financial year.

Production costs include raw materials, consumables, direct labour costs and production overheads such as administration and factory management.

Research and development costs are charged to production costs in the income statement for the financial year in which they are incurred. Development costs related to certain products or processes are recognised as intangible assets to the extent that such costs are likely to generate future earnings. See note 16 in the consolidated financial statements for further specification.

Sales and distribution costs comprise direct distribution and marketing costs, salaries for the sales and marketing functions as well as other indirect costs related to sales activities.

Administrative costs comprise the costs of administrative staff and management as well as other indirect administrative costs.

Significant estimates and assessments by Management

Total expected costs related to work-in-progress for third parties are partly based on an estimate, as they include provisions for unforeseen cost deviations in future supplies of raw materials, subcontractor products and services plus construction and handing over. Provisions for warranties on work-in-progress for third parties are based on Management estimates for each project, while taking underlying contracts as well as collected historical provision and warranty data into account.

The contract value of services in the form of Operation & Maintenance contracts is in some cases dependent upon the productivity of the plant serviced. In such cases, revenue recognition of the contracts includes Management´s estimate of the productivity of the plant.

Major projects are often sold to companies located in politically unstable countries and therefore entail enhanced risks and uncertainties related to project execution, delivery and payments.

DKKm	2015	2014
Project sales	5,982	7,703
Product sales	2,780	2,537
Total service activities	10,920	10,259
	19,682	**20,499**
Income recognition criteria		
Income recognised when delivered	8,950	8,218
Income recognised in accordance with the percentage-of-completion method	10,732	12,281
	19,682	**20,499**

Service activities consist of sale in the Customers Service division as well as services, spare and wear part sales in the product companies that are part of the Product Companies division, and Operation & Maintenance contracts which are included in the Minerals and Cement divisions.

4. Other operating items

Accounting policy

Other operating items consist of income and costs of secondary nature to the Group's activities, including certain grants, rent income, royalties, fees, etc. plus gains and losses on disposal of individual assets, land and buildings, which are not considered part of the disposal of a complete activity, and which are considered part of continued activities.

DKKm	2015	2014
Profit/(loss) on disposal of tangible assets	34	5
Other income	38	71
Other costs	(6)	(39)
Total other operating items	**66**	**37**

Gains and losses on disposal of tangible assets includes gain on sale of an administrative building in Denmark of DKK 29m.

5. Special non-recurring items

Accounting policy

Special non-recurring items consist of costs and income of a special nature in relation to the main activities of the continued activities, including gains and losses on disposal of enterprises and run-off on purchase price allocations to inventories in connection with acquisitions. In order to give a true and fair view of the Group's operational activities, which are considered part of continued activities, Cembrit and bulk material handling are reported as discontinued activities.

DKKm	2015	2014
Gain/(losses) on disposal of enterprises and activities	(5)	(8)
	(5)	**(8)**

Included in discontinued activities are special non-recurring items of DKK 127m (2014: DKK -17m), of which gain on sale of Cembrit accounts for DKK 134m.

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6. Minority interests

Accounting policy

On initial recognition minority interests are measured at fair value or at their proportionate share of the fair value of the identifiable assets, liabilities and contingent liabilities of the enterprise acquired.

The minority shareholders' share of profit/(loss) for the year is based on the specific company's shareholder agreement.

Minority shareholders' share of profit/(loss) for the year concerns the following companies:

DKKm	2015	2014
Roymec (Proprietary) Limited	(1)	7
FLSmidth SEPEC*	0	(1)
FLSmidth South Africa (Pty.) Ltd.	5	(5)
	4	**1**

* FLSmidth SEPEC was sold on 18 November 2014.

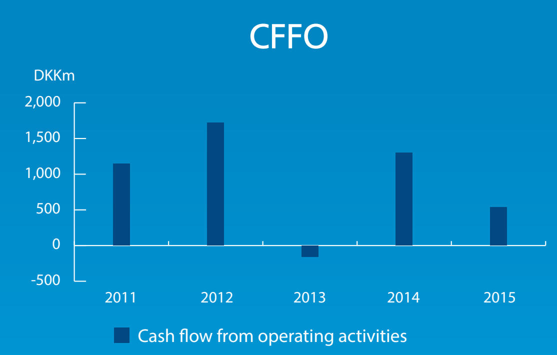
7. Income statement classified by function

The Group presents the Income Statement continuing business based on a classification of the costs by function in order to show the earnings before special non-recurring items, depreciation and amortisation (EBITDA). Depreciation, amortisation and impairment of tangible and intangible assets are therefore separated from the individual functions, presented on separate lines.

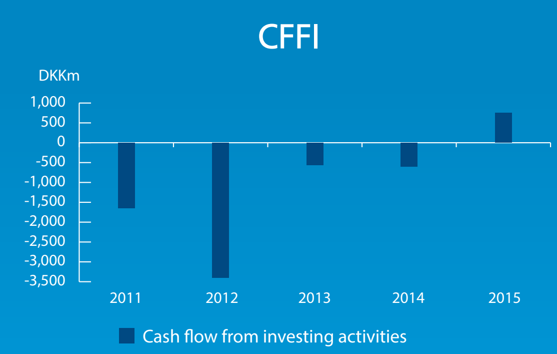
DKKm	2015	2014
Revenue	19,682	20,499
Production costs, including depreciation and amortisation	(14,998)	(15,590)
Gross profit	**4,684**	**4,909**
Sales and distribution costs, including depreciation and amortisation	(1,480)	(1,434)
Administrative costs, including depreciation and amortisation	(2,124)	(2,088)
Other operating items	66	37
Special non-recurring items	(5)	(8)
EBIT	**1,141**	**1,416**
Depreciation and amortisation consist of:		
Amortisation of intangible assets	441	407
Depreciation of tangible assets	291	275
	732	**682**
Depreciation and amortisation are divided into:		
Production costs	262	216
Sales and distribution costs	0	29
Administrative costs	470	437
	732	**682**

At a glance
Cash flow statement

CFFO
(DKKm)
538
down from 1,298



CFFI
(DKKm)
750
up from (598)



Free cash flow
(DKKm)
1,288
up from 700

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Cash flow statement

Accounting policy

The consolidated cash flow statement is presented according to the indirect method and shows the composition of cash flow divided into operating, investing and financing activities, respectively, and the changes in cash and cash equivalents during the year.

The cash flow statement is based on earnings before special non-recurring items, depreciation, amortisation and impairment (EBITDA).

In net working capital and net interest-bearing debt distinction is made between interest-bearing and non-interest-bearing items, and cash and cash equivalents:
- Cash and cash equivalents consist of cash and bank deposits
- Interest-bearing debt items are less interest-bearing receivables
- All other non-interest-bearing receivables and debt items are regarded as working capital

Cash flow from operating activities consists of earnings before special non-recurring items, depreciation, amortisation and impairment (EBITDA) adjusted for non-cash operating items, changes in net working capital and provisions, taxes paid and financial items.

Cash flow from investing activities comprises payments made in connection with the acquisition and disposal of enterprises and activities, the acquisition and disposal of assets and prepayments of assets.

Cash flow from financing activities comprises changes in the size of the share capital and related costs as well as acquisitions and disposal of non-controlling interests, treasury shares and payment of dividends to shareholders. The Group's cash and cash equivalents mainly consist of cash deposited with banks.

8. Change in provisions

DKKm	2015	2014
Pensions and similar obligations	(15)	(12)
Other provisions	83	(419)
	68	**(431)**

The change in provisions consist of changes in defined benefit pensions, long-term employee liabilities, guarantees and other provisions.

9. Change in net working capital

DKKm	2015	2014
Inventories	305	(142)
Trade receivables	325	193
Trade payables	(262)	(557)
Work-in-progress for third parties	(236)	1,306
Prepayments from customers	(599)	(1,217)
Prepayments to subcontractors	(120)	149
Other receivables and other liabilities	43	332
Foreign exchange adjustment	(189)	104
	(733)	**168**

The change in net working capital is largely impacted by prepayments and work-in-progress for third parties, as a result of few large orders and current market conditions, slightly offset by collection of trade receivables.

10. Financial items received and paid

DKKm	2015	2014
Interest received	42	33
Interest paid	(92)	(119)
	(50)	**(86)**

11. Change in net interest-bearing debt

DKKm	2015	2014
Bank loans, gross	(562)	(437)
Other liabilities	(105)	(60)
Foreign exchange adjustments	(40)	(17)
	(707)	**(514)**

For further details, please refer to note 26 of the consolidated financial statements.

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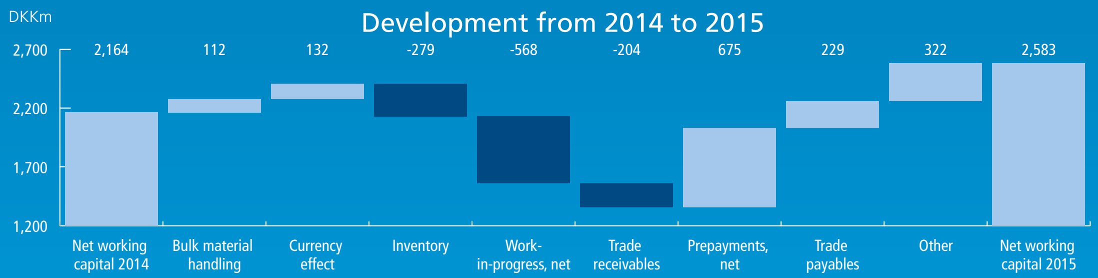
At a glance
Net working capital, Capital employed and ROCE

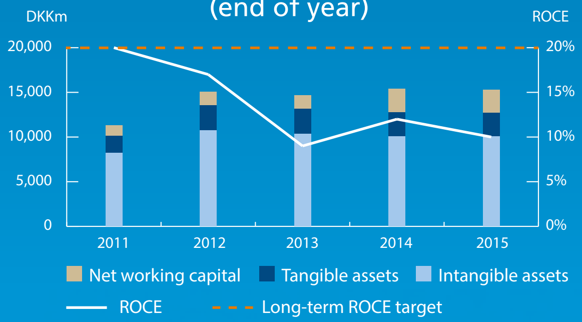
Net working capital - bridge

Development from 2014 to 2015

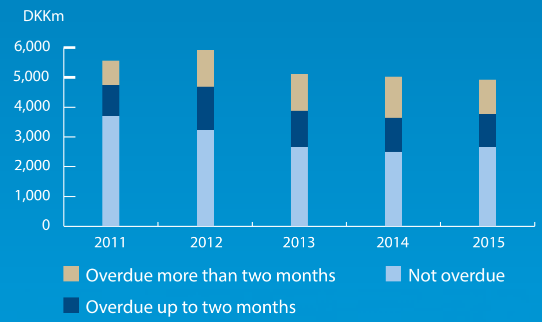


Capital employed and ROCE

(end of year)



Trade receivables ageing



Net working capital*

(DKKm)

2,583

up from 2,276

*continued activities

Trade receivables

(DKKm)

4,884

down from 5,026

Net working capital, Capital employed and ROCE

12. Specification of net working capital

Notes 13, 14 and 15 show additional specification of selected working capital items. The Group's net working capital is specified as follows:

DKKm	2015	2014[1]
Inventories	2,445	2,628
Trade receivables	4,884	5,026
Work-in-progress for third parties, asset	2,526	3,289
Prepayments to subcontractors	347	279
Other receivables	409	527
Financial instruments	128	115
	10,739	**11,864**
Prepayments from customers	1,267	1,831
Trade payables	2,546	2,736
Work-in-progress for third parties, liability	2,453	3,223
Other liabilities	1,616	1,620
Financial instruments	274	290
	8,156	**9,700**
Net working capital	**2,583**	**2,164**
Net assets held for sale	133	240
Net working capital of the Group	**2,716**	**2,404**

[1] Net working capital amount to DKK 2,276m adjusted for bulk material handling which is reported as discontinued activities.

Other liabilities mainly consist of vendor progress related to projects.

13. Work-in-progress for third parties

Accounting policy

Work-in-progress for third parties is recognised in revenue based on the value of the work completed at the balance sheet date. The revenue corresponds to the sales value of the year´s completed work based on costs incurred in percentage of the total estimate costs (percentage of completion method).

The stage of completion for the individual project is calculated as the ratio between the cost incurred at the balance sheet date and the total estimated cost to complete the project. In some projects, where cost estimates cannot be used as a basis, the ratio between completed subactivities and the total project is used instead. All direct and indirect costs that relates to the completion of the contract are included in the calculation. Costs deriving from sales work and winning of contracts are not included in the calculation, but are instead recognised in the income statement in the financial year during which they are incurred.

When invoicing on account exceeds the value of the work completed, the liability is recognised as work-in-progress for third parties under short-term liabilities. Prepayments are recognised as prepayment received from customers split between long-term and short-term liabilities based on when they are expected to become effective.

Prepayments to subcontractors consist of prepayments to subcontractors in connection with work-in-progress for third parties and are measured at amortised cost.

If projects are expected to be loss-making, the loss is recognised immediately in the income statement. Costs not yet incurred are provided for as other provisions. Provisions are based on individual assessment of the estimated loss until the projects is completed.

Significant estimates and assessments by Management

Total expected costs related to work-in-progress for third parties are partly based on estimates, as they include provisions for unforeseen cost deviations in future supplies of raw materials, subcontractor products and services plus construction and handing over. Provisions for warranties on work-in-progress for third parties are based on Management estimates for each project, while taking contract obligations into account.

DKKm	2015	2014
Total costs incurred	38,056	40,683
Profit recognised as income, net	6,441	7,483
Work-in-progress for third parties	44,497	48,166
Invoicing on account to customers	(44,424)	(48,100)
Net work-in-progress for third parties	**73**	**66**
of which work-in-progress for third parties is stated under assets	2,526	3,289
and under liabilities	(2,453)	(3,223)
Net work-in-progress for third parties	**73**	**66**

Work-in-progress for third parties consist of all open projects at 31 December, including cost and profit recognised in prior years, not finalised.

14. Inventories

Accounting policy

Inventories are measured at cost based on weighted average prices.

In the event that cost of inventories exceeds the expected selling price less cost of completion and selling costs, the inventories are written down to the lower net realisable value. The net realisable value of inventories is measured as the expected sales price less costs of completion and costs to finalise the sale.

Write down assessment is performed item by item including:
- Test for slow moving inventory
- Test for aging of inventory
- Assessment of expected market (pricing and market potential)
- Assessment of strategic items

Obsolete items are written down to zero and disposed of.

Work-in-progress, finished goods and goods for resale include cost of manufacturing including materials consumed and labour costs plus an allowance for production overheads. Production overheads include operating costs, maintenance of production facilities and as well as administration and factory management directly related to manufacturing.

Significant estimates and assessments by Management

Assessing net realisable value of inventories requires Management estimates taking into account marketability, obsolescence and development in expected selling prices. Following the economic downturn in the market, special attention from Management has been paid to inventory turnover, when determining net realisable value.

DKKm	2015	2014
Raw materials and consumables	304	336
Work-in-progress	244	346
Finished goods and goods for resale	1,876	1,916
Prepayments for goods	21	30
Inventories net of write downs at 31 December	**2,445**	**2,628**
Inventories valued at net realisable value	190	182
Write down of inventories		
Write down at 1 January	(325)	(378)
Reclassification to/from assets classified as held for sale	3	61
Foreign exchange adjustments	(13)	(14)
Additions	(53)	(41)
Disposals	42	33
Reversals	7	14
Write down at 31 December	**(339)**	**(325)**

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15. Trade and other receivables

Accounting policy

Receivables comprise trade receivables, receivables from construction contracts and other receivables.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. A write down cost is recognised when there is an indication that an individual receivable cannot be collected. Assessment of bad debt is carried out for individual receivables and includes:

- Evaluation of the customer´s ability to pay
- Ageing of receivable
- Possibility to offset assets against claims
- Access to other securities

The write down is deducted from the carrying amount of trade receivables and the amount of the cost is recognised in the income statement as administrative costs.

Significant estimates and assessments by Management

Estimates are used in determining the level of receivables that cannot, in the opinion of Management, be collected. When evaluating the adequacy of the allowance for doubtful receivables, Management analyses trade receivables and examines changes in customer creditworthiness, customer payment patterns and current economic trends.

Trade receivables

Trade receivables net of write downs are specified according to ageing as follows:

DKKm	2015	2014
Ageing:		
Not due for payment	2,625	2,491
Overdue up to one month	798	830
Overdue between one and two months	315	319
Overdue between two and three months	154	298
Overdue between three and six months	252	472
Overdue more than six months	740	616
Write down, trade receivables at 31 December	**4,884**	**5,026**

Trade receivables include retentions on contractual terms of DKK 366m (2014: DKK 343m), not yet due for payment.

Compared to the end of 2014, currency impacted trade receivables by DKK 143m.

Specification of changes in write down of trade receivables

DKKm	2015	2014
Write down at 1 January	(244)	(179)
Reclassification to/from assets classified as held for sale	10	14
Foreign exchange adjustment	7	(13)
Additions	(229)	(130)
Reversals	76	40
Realised	43	24
Write down, trade receivables at 31 December	**(337)**	**(244)**

Other receivables

In 2015, other receivables amounted to DKK 1,076m (2014: DKK 1,236m) which includes the fair value of derivatives of DKK 128m, corporate tax receivables of DKK 380m, indirect taxes of DKK 141m, prepayments of DKK 28m and a deferred payment of DKK 71m related to the sale of Cembrit.

16. Intangible assets

Accounting policy

Goodwill
Goodwill is measured in the balance sheet at cost in connection with initial recognition. Subsequently, goodwill is measured at cost less accumulated impairment losses. When recognising goodwill, it is allocated to the cash-generating units as defined by the Management. The determination of cash-generating units complies with the managerial structure and the internal financial control and reporting in the Group. Goodwill is tested for impairment at least once a year.

Other intangible assets
Other intangible assets than goodwill with a finite useful life are measured at cost less accumulated amortisation and impairment losses. Other intangible assets with indefinite useful life are not amortised, but are tested for impairment at least once a year.

Development costs consist of salaries, amortisation and other costs that are directly attributable to development activities.

Development projects, for which the technical rate of utilisation, sufficient resources and a potential future market or application in the Group can be demonstrated and which are intended to be manufactured, marketed or used, are recognised as completed development projects. This requires that the cost can be determined and it is sufficiently certain that the future earnings or the net selling price will cover production, sales and administrative costs plus the development costs. Other development costs are recognised in the income statement when the costs are incurred.

Amortisation of completed development projects except from software is charged on a straight line basis during their estimated useful life. Development projects are written down for impairment to recoverable amount if lower. Development projects in progress are tested for impairment at least once a year.

The amortisation profile is systematically based on the expected useful life of the assets, taking into account remaining patent and agreement period and consumption (unit for production method) at the time of implementation. The basis of amortisation is reduced by impairment, if any.

Amortisation takes place systematically over the estimated useful life of the assets which is as follows:
- Development costs, up to 5 years
- Software applications, up to 5 years
- Patents, rights and other intangible assets, up to 20 years
- Customer relations, up to 30 years

Significant estimates and assessments by Management

Management estimates the useful life and expected users of software systems. The asset is then depreciated and amortised systematically over the expected future useful life.

In connection with restructuring, Management reassesses the useful life and residual values for non-current assets used after the restructuring.

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16. Intangible assets (continued)

DKKm	Goodwill	Patents and rights	Customer relations	Other intangible assets	Completed development projects	Intangible assets under development	Total
Cost at 1 January 2015	4,305	2,124	1,922	752	507	480	10,090
Reclassification to assets held for sale	(37)	(32)	(14)	(11)	(3)	0	(97)
Foreign exchange adjustments	129	18	78	15	0	0	240
Disposals of enterprises	0	(12)	0	0	0	0	(12)
Additions	0	0	0	6	0	78	84
Disposals	(35)	(10)	0	(26)	(2)	(145)	(218)
Transferred between categories	0	0	0	(126)	194	(68)	0
Cost at 31 December 2015	**4,362**	**2,088**	**1,986**	**610**	**696**	**345**	**10,087**
Amortisation and impairment at 1 January 2014	(30)	(634)	(715)	(643)	(171)	(144)	(2,337)
Reclassification to assets held for sale	5	7	0	1	0	0	13
Foreign exchange adjustments	(1)	(7)	(28)	(11)	0	0	(47)
Disposals	26	6	0	26	1	144	203
Amortisation	0	(125)	(141)	(30)	(145)	0	(441)
Transferred between categories	0	0	0	100	(100)	0	0
Amortisation and impairment at 31 December 2015	**0**	**(753)**	**(884)**	**(557)**	**(415)**	**0**	**(2,609)**
Carrying amount at 31 December 2015	**4,362**	**1,335**	**1,102**	**53**	**281**	**345**	**7,478**

DKKm	Goodwill	Patents and rights	Customer relations	Other intangible assets	Completed development projects	Intangible assets under development	Total
Cost at 1 January 2014	4,738	2,118	1,963	750	199	687	10,455
Reclassification to assets held for sale	(49)	(20)	(5)	(11)	0	0	(85)
Foreign exchange adjustments	270	25	148	22	0	0	465
Additions	0	1	0	0	2	130	133
Disposals	(654)	0	(184)	(42)	(10)	0	(890)
Transferred between categories	0	0	0	21	316	(337)	0
Transfer from tangible assets	0	0	0	12	0	0	12
Cost at 31 December 2014	**4,305**	**2,124**	**1,922**	**752**	**507**	**480**	**10,090**
Amortisation and impairment at 1 January 2014	(644)	(512)	(709)	(625)	(83)	(144)	(2,717)
Reclassification to assets held for sale	2	16	4	9	0	0	31
Foreign exchange adjustments	(42)	(10)	(56)	(19)	0	0	(127)
Disposals	654	0	184	42	0	0	880
Amortisation	0	(131)	(138)	(50)	(88)	0	(407)
Other adjustments	0	3	0	0	0	0	3
Amortisation and impairment at 31 December 2014	**(30)**	**(634)**	**(715)**	**(643)**	**(171)**	**(144)**	**(2,337)**
Carrying amount at 31 December 2014	**4,275**	**1,490**	**1,207**	**109**	**336**	**336**	**7,753**

In accordance with IFRS, Income statement comparative figures for 2014 have been adjusted, while balance sheet figures are not adjusted. Figures in the Income Statement, Balance Sheet and Cash flow statement may therefore not be directly comparable.

16. Intangible assets (continued)

Much of the knowledge generated in the Group originates from work performed for customers. In 2015, the Group´s research and development costs totalled DKK 263m (2014: DKK 327m). The total addition of intangible assets includes internal capitalisation of DKK 77m (2014: DKK 36m), where research and development capitalised accounts for DKK 46m (2014: DKK106m). Research and development costs not capitalised are included in production costs.

For 55% of patents and rights acquired, the estimated useful life is between 10-20 years and for 75% of customers´ relations, the estimated useful life is between 0-10 years.

Goodwill and trademarks acquired through acquisitions are considered to have indefinite useful life. The carrying amount of goodwill and trademarks are shown below, divided into segments.

Intangible assets considered to have indefinite useful life

DKKm	Customer Services	Product Companies	Minerals	Cement	2015	2014
Goodwill	2,159	1,772	431	0	4,362	4,275
Trademarks	182	231	518	16	947	1,006
Carrying amount at 31 December	**2,341**	**2,003**	**949**	**16**	**5,309**	**5,281**

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17. Tangible assets

Accounting policy

Land and buildings, plant and machinery and other facilities, operating equipment and tools and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials and direct labour costs.

Depreciation is charged on a straight line basis over the estimated useful life of the assets until they reach the estimated residual value. Estimated useful life is as follows:
- Buildings, 20 – 40 years
- Plant and machinery, 3 – 10 years
- Operating equipment and other tools and equipment, 3 – 10 years
- Lease hold improvements, up to 5 years
- Land is not depreciated

Assets with an acquisition value of less than DKK 50,000 or expected life of less than one year are expensed in the Income Statement at acquisition.

Newly acquired assets and assets of own construction are depreciated from the time they are available for use.

Where acquisition or use of the asset places the Group under an obligation to incur the costs of pulling down or re-establishing the asset, the estimated costs for this purpose are recognised as part of the cost of the asset, and are depreciated during the asset's useful life.

Assets held under a finance lease are measured in the balance sheet at fair value or the present value of future lease payments at the time of entering the contract, if lower. In calculating the present value, the internal interest rate of the lease agreement is used as a discounting factor or as the Group's alternative borrowing rate. Assets held under a finance lease are depreciated like other tangible assets of the Group.

The capitalised residual lease commitment is recognised in the balance sheet as debt whilst the interest component of the lease payment is recognised in the income statement as a financial item.

For operating leases, the lease payments are recognised in the income statement on a straight line basis over the lease period.

Significant estimates and assessments by Management

Management makes an estimate of the useful life and residual values. The asset is then depreciated and amortised systematically over the expected future useful life.

In connection with restructuring, Management reassesses the useful life and residual values for non-current assets used after the restructuring.

17. Tangible assets (continued)

DKKm	Land and buildings	Plant and machinery	Operating equipment, fixtures and fittings	Tangible assets in course of construction	Total
Cost at 1 January 2015	2,374	1,600	826	117	4,917
Reclassification to assets held for sale	0	(5)	(12)	0	(17)
Foreign exchange adjustments	119	105	28	3	255
Disposals of enterprises	(26)	(3)	0	0	(29)
Additions	14	41	35	46	136
Disposals	(123)	(45)	(65)	(1)	(234)
Transfer from other assets	0	14	0	0	14
Transferred between categories	35	38	32	(105)	0
Cost at 31 December 2015	**2,393**	**1,745**	**844**	**60**	**5,042**
Depreciation and impairment at 1 January 2015	(667)	(907)	(635)	(6)	(2,215)
Reclassification to assets held for sale	0	3	9	0	12
Foreign exchange adjustments	(25)	(65)	(23)	(2)	(115)
Disposals	88	41	60	0	189
Depreciations	(66)	(139)	(86)	0	(291)
Depreciation and impairment at 31 December 2015	**(670)**	**(1,067)**	**(675)**	**(8)**	**(2,420)**
Carrying amount at 31 December 2015	**1,723**	**678**	**169**	**52**	**2,622**

DKKm	Land and buildings	Plant and machinery	Operating equipment, fixtures and fittings	Tangible assets in course of construction	Total
Cost at 1 January 2014	2,441	2,374	824	243	5,882
Reclassification to assets held for sale	(284)	(1,003)	(58)	(31)	(1,376)
Foreign exchange adjustments	155	132	38	4	329
Disposals of enterprises	(5)	(8)	0	0	(13)
Additions	20	90	45	38	193
Disposals	(18)	(36)	(37)	(1)	(92)
Transferred between categories	76	45	17	(138)	0
Transfer to intangible assets	(12)	0	0	0	(12)
Other adjustments	1	6	(3)	2	6
Cost at 31 December 2014	**2,374**	**1,600**	**826**	**117**	**4,917**
Depreciation and impairment at 1 January 2014	(704)	(1,402)	(589)	(12)	(2,707)
Reclassification to assets held for sale	119	701	48	4	872
Foreign exchange adjustments	(27)	(82)	(30)	3	(136)
Disposals	6	0	31	0	37
Depreciation	(62)	(127)	(89)	0	(278)
Transferred between categories	0	4	(4)	0	0
Other adjustments	1	(1)	(2)	(1)	(3)
Depreciation and impairment at 31 December 2014	**(667)**	**(907)**	**(635)**	**(6)**	**(2,215)**
Carrying amount at 31 December 2014	**1,707**	**693**	**191**	**111**	**2,702**

In accordance with IFRS, Income Statement comparative figures for 2014 have been adjusted, while balance sheet figures are not adjusted. Figures in the Income Statement, Balance Sheet and Cash flow statement may therefore not be directly comparable.

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18. Impairment test

Accounting policy

Goodwill and other intangible assets with indefinite useful life are tested for impairment at least once a year and when there is indication of impairment, the first time being before the end of the year of acquisition. Ongoing development projects are also tested for impairment at least once per year. The carrying amounts of other non-current assets are reviewed each year to determine whether there is any indication of impairment. If any such indication exists, the recoverable value of the asset is calculated. The recoverable amount is the higher of the fair value of the asset less expected disposal costs or value in use.

Loss on impairment is recognised if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under the same heading as the related amortisation and depreciation. Impairment of goodwill is not reversed. Recognition of impairment of other assets is reversed to the extent that changes have taken place in the assumptions and estimates that led to the recognition of impairment.

Loss on impairment is only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount the asset would have had after depreciation or amortisation if the asset had not been impaired.

Significant estimates and assessments by Management

Intangible assets are primarily related to acquisition of enterprises and activities, software and research and development projects.

In performing the annual impairment test of assets, an assessment is made as to whether the individual units of the Group (cash-generating units) to which assets are allocated will be able to generate sufficient positive net cash flow in the future to support the value of the unit concerned.

Management defines the cash-generating units based on the smallest group of identifiable assets which together generate incoming cash flow from continued use of the assets and which are independent of cash flow from other assets or groups of assets. The definition of the cash-generating units is reconsidered once a year.

An estimate is made of the future free net cash flow based on budgets and the strategy for the coming nine years and projections for the subsequent years (the terminal value). The budget period is set at nine years to include a normal business cycle within the cement and mining industry. Significant parameters in this estimate are discount rate, revenue development, EBITA margin, expected investments and growth expectations for the terminal period.

The recoverable amount of a cash-generating unit is based on value in use calculations and is calculated by discounting expected future cash flow.

Result of annual impairment test
As at 31 December 2015, the carrying amount of goodwill and other intangible assets of indefinite useful life were tested for impairment.

The impairment test as at 31 December 2015 showed no indication of impairment for 2015 (2014: DKK 0). Management is currently of the belief that no changes in the key assumptions are reasonably likely to reduce the headroom in any of the cash-generating units to zero.

At the annual test of goodwill and other intangible assets of indefinite useful life, impairment was based on the reporting segments: Customer Services, Product Companies, Minerals and Cement, these being the lowest level of cash-generating unit as defined by Management. The definition of cash-generating units is based on the certainty by which the carrying amount of the intangible assets can reasonably be allocated and monitored. The level of allocating and monitoring the Group's intangible assets among cash-generating units should also be seen in conjunction with the Group´s strategy. The impairment test is based on the divisional structure implemented in 2015 and for which are the cash-generating units that are expected to benefit from the intangible assets going forward.

Carrying amounts of goodwill and other intangible assets included in the cash-generating unit for impairment test of those assets are specified on the following page:

18. Impairment test (continued)

DKKm	Carrying amount 2015 Goodwill	Patents and rights acquired	Customer relations	Development projects and software	Other intangible assets
Customer Services	2,159	396	658	158	24
Product Companies	1,772	446	339	156	2
Minerals	431	491	105	155	0
Cement	0	2	0	156	2

Key assumptions
The key assumptions in assessing the recoverable amount are annual growth rate in the budget period, discount rate, long-term growth in the terminal period and investments.

	Key assumptions					
Cash-generating unit	Investments	Annually average growth rate in budget period	Growth rate in the terminal period	Discount rate after tax	Discount rate before tax	EBITA margin
Customer Services	2.5% of revenue	5.0%	1.5%	7.5%	10.2%	16.3%
Product Companies	2.5% of revenue	5.0%	1.5%	7.5%	10.2%	15.4%
Minerals	1.0% of revenue	7.0%	1.5%	7.5%	10.2%	2.0%
Cement	1.5% of revenue	4.0%	1.5%	7.5%	10.2%	5.0%

The Group expects an EBITA margin of 7-9% in 2016 and in the long-term margin of 10-13%.

The discount rate has been revised for each cash-generating unit to reflect the latest market assumptions for the risk free rate based on a 10-year Danish government bond, the equity risk premium and the cost of debt.

The long-term growth rate for the terminal period is based on the expected growth in the world economy as well as input from current long term inflation swaps. Due to the current low interest rate environment, a conservative approach regarding the long-term growth rate for the terminal period has been applied. This methodology has been applied to ensure consistency with the level of the risk free rate applied as a basis for the estimation of discount rate (WACC) and the long-term growth rate. Based on these factors, a long term growth rate for the terminal period of 1.5% has been applied.

Investments reflect both maintenance and expectations of organic growth.

Management determines the expected annual growth rate in the budget period and the expected margins based on historical experience and assumptions about expected market developments:

Customer Services
Growth is based on servicing the existing installed base as well as the additional installed base generated from new Cement and Minerals project business. Further growth is expected from expanding the wear parts and maintenance business, both of which contain a significant organic growth potential.

Despite the mining CAPEX downturn and a significant decline in commodity prices, production levels have been stable or even increasing for FLSmidth's key minerals in recent years, and production levels are the key driver for parts and other service business. Although the global cement industry remains subdued, global cement consumption continues to rise, and the increasing demand for cement results in wear and tear of cement plants and a need for parts and services.

Growth is expected to be supported by market developments and organic growth initiatives such as globalisation of service offerings and concentration of product line management on productivity focused solutions. Customers' increased focus on productivity means good growth opportunities within plant audits, retrofits and preventive maintenance services.

Product Companies
Growth is based on expanding the division's leading niche products to their full global potential. The nine product companies all have a potential to grow in their core markets as well as adjacent industries where existing technologies can be applied.

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18. Impairment test (continued)

Minerals
Growth is based on a trough in mining CAPEX in 2016, slight growth from the end of 2017, and an expected long-term increase in activity. Shorter-term fundamentals are strongest for copper and gold which historically made up the biggest part of FLSmidth's minerals business, whereas coal and iron ore will pick up again in the medium to long-term. Growth is expected to be supported by new offerings related to ongoing research and development projects and pilot plants with partners, for example, increased focus on process expertise, water recovery, dry-stacked tailings and waste handling systems, and innovations surrounding energy efficient comminution and flotation technologies.

Cement
Growth is based on a rising world population, increasing urbanisation, growing wealth and increasing demand for energy and infrastructure. Growth is expected to be supported by a cyclical rebound in the cement industry in the coming years coupled with leveraging the 'Design, Build, Operate' business model and offering the most productive and sustainable cement technology.

Sensitivity analysis
A sensitivity analysis has been performed of the main assumptions in the impairment test to identify the lowest and/or the highest discount rate and the lowest growth rate for each cash-generating unit without resulting in any impairment losses. A summary of the sensitivity analysis is shown below:

DKKm	Average growth rate in the budget	Minimum growth*	Discount rate applied	Maximum discount rate
Customer Services	5%	n/a*	7,5%	20%
Product Companies	5%	n/a*	7,5%	19%
Minerals	7%	n/a*	7,5%	11%
Cement	4%	n/a*	7,5%	n/a

* With a growth of zero there are no indications of impairment.

19. ROCE

DKKm	2015	2014 [1]	2013 [1]	2012 [1]	2011 [1]
Intangible assets, cost	10,087	10,059	10,356	10,757	8,231
Tangible assets, carrying amount	2,622	2,697	2,665	2,783	1,913
Net working capital	2,583	2,276	2,027	1,553	1,174
Total capital employed	15,292	15,032	15,048	15,093	11,318
Total capital employed, average	15,162	15,040	15,070	13,205	10,236
EBITA	1,582	1,823	1,379	2,703	2,399
ROCE	10%	12%	9%	18%	21%
ROCE, average	10%	12%	9%	20%	23%

[1] Capital employed, 2011-2014 figures are adjusted for capital employed related to Cembrit and bulk material handling.

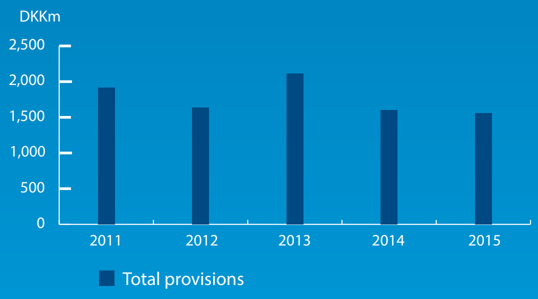
At a glance
Provisions, liabilities and financial items

Provisions
(DKKm)

1,556

down from 1,598

Provisions

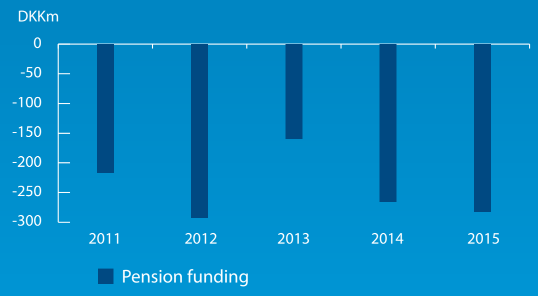


Warranties
(DKKm)

782

up from 737

Pension - over/underfunding

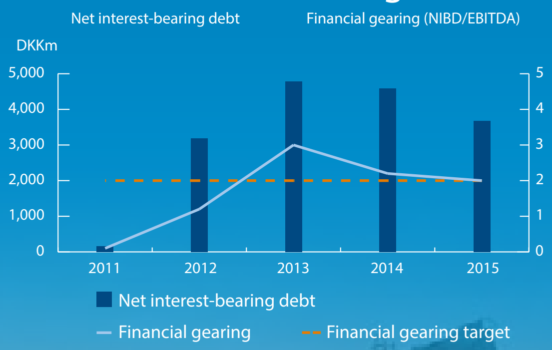


Net interest-bearing debt
(DKKm)

3,674

down from 4,593

Net interest-bearing debt



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Provisions and liabilities

20. Provisions

Accounting policy

Provisions are recognised when the Group, due to an event occurring before or at the balance sheet date, has a legal or constructive obligation and it is probable that financial benefits must be waived to settle the obligation. Provisions are measured according to Management's best estimate of the amount whereby the obligation is expected to be settled.

Provisions for warranty claims are estimated on a project-by-project basis based on historical realised cost related to claims in the past. The provision covers estimated own costs of completion, subsequent warranty supplies and unsettled claims from customers or subcontractors.

Provisions regarding disputes and lawsuits are based on Management's assessment of the likely outcome settling the cases based on the information at hand at the balance sheet date.

The cost of loss-making projects covering projects expected to result in a loss, is recognised immediately in the income statement. Losses not yet incurred are provided for as other provisions.

Provisions for restructuring costs are based on Management's best estimate. Provisions are only made for liabilities deriving from restructuring that has been decided at the balance sheet date in accordance with a specific plan, and only provided that the parties involved have been informed about the overall plan.

Provisions consist of:
- Estimated warranty claims in respect of goods or services already delivered
- Restructuring including the provisions for costs related to efficiency programmes
- Guarantees and liabilities resulting from disposal of enterprises and activities (included in other provisions)
- Provisions for loss-making contracts (included in other provisions)
- Provisions for losses resulting from disputes and lawsuits (included in other provisions)
- Provisions for tax risks (included in other provisions)

When assessing work-in-progress for third parties, a number of project-related risks have been taken into account, including performance guarantees and operation and maintenance contracts for which allowances are made based on Management estimates. A few cases are pending before the court in connection with previously supplied projects. Provisions have been made to counter any losses that are estimated to occur in settling the cases.

Significant estimates and assessments by Management

Management assesses provisions and the likely outcome of pending and probable lawsuits, ect. on an ongoing basis. The outcome depends on future events, which are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes, Management bases its assessment on internal and external legal assistance and established precedents. Tax provisions are made to cover expected additional future tax liabilities related to financial year or previous years.

Warranties and other provisions are measured on the basis of empirical information covering several years as well as legal opinions. Together with estimates by Management of future trends this forms the basis for warranty provisions and other provisions. Long-term warranties and other provisions, discounting to net present value takes place based on the future cash flow and discount rate expected by Management.

20 Provisions (continued)

DKKm	2015			
	Warranties	Restructuring	Other	Total
Provisions at 1 January	737	49	812	1,598
Transfer to assets held for sale	(14)	(17)	(46)	(77)
Exchange rate and other adjustments	31	(4)	8	35
Disposal of Group enterprises	0	0	9	9
Provision for the year	389	3	494	886
Used during the year	(159)	(17)	(237)	(413)
Reversals	(234)	0	(243)	(477)
Discounting of provisions	1	0	0	1
Reclassification to/from other liabilities	31	0	(37)	(6)
Provisions at 31 December	**782**	**14**	**760**	**1,556**
The maturity of provisions is specified as follows:				
Short-term liabilities				1,047
Long-term liabilities				509
				1,556

DKKm	2014			
	Warranties	Restructuring	Other	Total
Provisions at 1 January	919	187	1,003	2,109
Transfer to assets held for sale	(149)	(27)	(20)	(196)
Exchange rate and other adjustments	35	9	23	67
Disposal of Group enterprises	0	(8)	(1)	(9)
Provision for the year	287	23	473	783
Used during the year	(164)	(120)	(402)	(686)
Reversals	(179)	(15)	(244)	(438)
Discounting of provisions	1	0	0	1
Reclassification to/from other liabilities	(13)	0	(20)	(33)
Provisions at 31 December	**737**	**49**	**812**	**1,598**
The maturity of provisions is specified as follows:				
Short-term liabilities				1,047
Long-term liabilities				551
				1,598

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21. Long-term liabilities

The maturity structure of long-term liabilities divided into liabilities between one and five years and liabilities where time to maturity is more than five years.

DKKm	2015	2014
Maturity structure of long-term liabilities:		
Deferred tax liability	47	245
Other provisions	407	537
Pension liabilities	21	123
Bank loans and mortgage debt	2,907	1,916
Prepayments from customers	120	229
Other liabilities	128	126
Between one and five years	**3,630**	**3,176**
Deferred tax liability	333	307
Other provisions	102	14
Pension liabilities	257	140
Bank loans and mortgage debt	1,884	2,213
Other liabilities	22	18
After five years	**2,598**	**2,692**
	6,228	**5,868**

Other long-term liabilities consist of employee bonds and other employee liabilities such as service liabilities and bonuses.

22. Contractual liabilities and contingent liabilities

The Group leases properties and operating equipment under operating leases. The lease period is primarily one to five years with an option for extension after the period expires.

DKKm	2015	2014
Minimum rent and operating lease commitments, time to maturity:		
Within one year	31	8
Between one and five years	122	151
After five years	4	1
	157	**160**
Guarantees	53	32
Other contractual obligations	260	306
	313	**338**

Rent commitments are mainly related to commercial leases and equipment.

In connection with the disposal of Group enterprises, guarantees, etc. are issued to the acquiring enterprise. Provisions are made for estimated losses on such items.

When assessing work-in-progress for third parties, a number of project-related risks such as performance, quality and delay of projects are taken into consideration, and estimates and allowances are made based on Management estimates. The financial partners of the Group provide usual security in the form of performance guarantees, etc. for contracts and supplies. At the end of 2015, the total value of performance and payment guarantees issued amounted to DKK 5.6bn (2014: DKK 5.9bn). In cases where a guarantee is expected to materialise, a provision for this amount is made under the heading of other provisions. The Group has non-committed guarantee facilities in financial institutions exceeding DKK 11.3bn (2014: DKK 11.2bn).

In addition, the Group is from time-to-time involved in disputes that are normal for its business. The outcome of ongoing disputes is not expected to have any significant impact on the Group's financial position.

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23. Pension assets and liabilities

Accounting policy

The Group has signed post-employment benefit plans or similar arrangements with a large part of the Group's employees.

Under defined contribution plans, the employer is required to contribute a certain amount (for example a fixed sum or a fixed percentage of their pay). Under a defined contribution plan, the employees usually bear the risk with regard to future developments in the rates of interest, inflation, mortality and disability. Payments by an enterprise into defined contribution plans are recognised in the income statement for the period to which they apply and any outstanding payments are recognised in the balance sheet under other payables.

Under defined benefit plans, the employer is required to contribute a certain amount (for example a retirement pension as a fixed sum or a fixed percentage of the final pay). Under a defined benefit plan, the enterprise usually bears the risk with regard to future developments in the rates of interest, inflation, mortality and disability. Changes in the computation basis result in a change in the actuarial net present value of the benefits which the enterprise is to pay in the future under this plan. Fair value is only calculated for benefits to which the employees have become entitled through their employment with the enterprise to date. The actuarial net present value less the fair value of any assets related to the plan is stated in the balance sheet among pension assets and liabilities.

Differences between the expected development of pension assets and liabilities and the realised values are described as actuarial gains or losses. Actuarial gains and losses are recognised in other comprehensive income.

Changes in benefits concerning the employees' former employment in the enterprise result in a change in the actuarial net present value, which is considered a historical cost. Historical costs are charged immediately to the income statement if the employees have already acquired a right to the changed benefit. Otherwise, the historical costs are recognised in other comprehensive income.

Significant estimates and assessments by Management

In stating the value of the Group's defined benefit plans, the statement is based on external actuarial assessments and assumptions such as discount rate, expected return on the plan assets, expected increases in salaries and pension, inflation and mortality.

The pension liabilities incumbent on the Danish Group enterprises are funded through insurance plans. The pension liabilities of certain foreign Group enterprises are also funded through insurance plans. Foreign enterprises, primarily in USA, Switzerland and Germany, whose pension liabilities are not - or only partially - funded through insurance plans (defined benefit plans) state the unfunded liabilities on an actuarial basis at the present value at the balance sheet date. These pension plans are partly covered by assets in pension funds. The Group's defined benefit plans were DKK 283m underfunded at 31 December 2015 (2014: DKK 266m) for which a provision has been made as pension liabilities.

In the consolidated income statement, DKK 493m (2014: DKK 427m) has been recognised as contribution plans funded through insurance (defined contribution plans) and other security costs etc. In the case of plans not funded through insurance (defined benefit plans), DKK -5m is recognised (2014: DKK 7m) in the consolidated Income Statement.

The actuarial result for the year at DKK -16m (2014: DKK -123m) is recognised in the statement of other comprehensive income.

23. Pension assets and liabilities (continued)

DKKm	2015	2014	2013	2012	2011
Present value of defined benefit plans	(1,044)	(974)	(786)	(893)	(784)
Fair value of the plan assets	761	708	626	600	567
Over-/(underfunded)	**(283)**	**(266)**	**(160)**	**(293)**	**(217)**
Actuarial gains/losses, liabilities	18	(123)	71	(119)	(32)
Actuarial gains/losses, assets	(34)	0	43	17	(6)
Actuarial gains/losses, total	**(16)**	**(123)**	**114**	**(102)**	**(38)**

In 2016, the Group expects to pay a contribution of DKK 50m into its defined benefit plans.

DKKm	2015	2014
Present value of defined benefit plans	(1,044)	(974)
Fair value of the plan assets	761	708
Total	**(283)**	**(266)**
Change in recognised liability		
Net liability at 1 January	(266)	(160)
Other adjustments including foreign exchange adjustments	(12)	(6)
Net amount recognised in the income statement	(5)	7
Actuarial gains and losses recognised in other comprehensive income	(16)	(123)
Contributions	1	13
Paid-out benefits	15	10
Settlements	0	(7)
Net liability at 31 December	**(283)**	**(266)**
Presented as assets	**0**	**3**
Presented as liabilities	**(283)**	**(269)**
	(283)	**(266)**
Recognised in the income statement		
Pension costs	(17)	(8)
Calculated interest on liabilities	(36)	(31)
Calculated return on the plan assets	48	46
Recognised in the income statement regarding defined benefit plans	**(5)**	**7**
The amounts are included in production costs, sales and distribution costs and administrative costs.		
Adjustments for the year of defined benefit plans based on experience (pension liabilities), gains/losses	**18**	**(123)**
Return on plan assets		
Calculated return on the plan assets	(48)	(46)
Actual return on the plan assets	14	46
Actuarial gains/losses for the year on the plan assets	**(34)**	**0**
The expected return is fixed on the basis of the weighted return on the plan assets.		
The assumptions on which the actuarial computations at the balance sheet date are based are as follows on average (weighted):		
Average discounting rate applied	2.5%	3.0%
Expected return on tied-up assets	0.1%	2.0%
Expected future pay increase rate	1.4%	1.2%

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23. Pension assets and liabilities (continued)

DKKm	2015	2014
Present value of defined benefit plans		
Present value at 1 January	(974)	(786)
Foreign exchange adjustments	(86)	(70)
Pension costs	(17)	(9)
Calculated interest on liabilities	(36)	(31)
Paid-out benefits	56	54
Actuarial gains and losses*	18	(123)
Membership contributions	(5)	(4)
Settlements	0	(5)
Present value at 31 December	**(1,044)**	**(974)**
Fair value of the plan assets		
Fair value of the plan assets at 1 January	708	626
Foreign exchange adjustment	74	64
Calculated return on the plan assets	48	46
Payment	3	(6)
Paid-out benefits	(44)	(22)
Actuarial gains and losses*	(34)	0
Membership contribution	6	0
Fair value of the plan assets at 31 December	**761**	**708**
Specification of the fair value of the plan assets		
Equity instruments	344	328
Debt instruments	240	232
Other assets	177	148
Total fair value of the plan assets	**761**	**708**
Specification of the fair value of the plan assets in per cent		
Equity instruments	45%	46%
Debt instruments	32%	33%
Other assets	23%	21%
Defined benefit plan liabilities specified by country		
USA	56%	59%
Switzerland	22%	17%
Germany	14%	15%
India	4%	4%
Italy	2%	2%
Canada	1%	2%
Mexico	1%	1%

***** Actuarial gain and losses relate primarily to changes in financial assumptions.

Sensitivity analysis defined benefit plans:
Below is shown a sensitivity analysis based on possible changes in the assumptions defined at the balance sheet date, while other assumptions are held constant.

Change in defined benefit obligation:

DKKm	2015	2014
Discount rate - 1%	(104)	(138)
Discount rate + 1%	127	117

Financial items

24. Financial income and costs

Accounting policy

Financial income and costs comprise interest income and costs, the interest portion of finance leases, realised and unrealised exchange gains and losses on securities, liabilities and transactions in foreign currency, amortisation related to mortgage debt, etc.

Interest income and costs are accrued on the basis of the principal amount and the effective interest rate. The effective interest rate is the discount rate used to discount the anticipated future payments which are related to the financial asset or the financial liability so that the present value of the payments corresponds to the carrying amount of the asset and the liability, respectively.

DKKm	2015	2014
Financial income		
Interest income from financial assets that are not measured at fair value in the income statement	36	32
Fair value adjustment of derivatives	386	279
Foreign exchange gains	1,198	1,069
Dividend from shares	32	19
	1,652	**1,399**
Financial costs		
Interest costs from financial liabilities that are not measured at fair value in the income statement	(98)	(119)
Fair value adjustment of derivative financial instruments	(463)	(429)
Foreign exchange losses	(1,347)	(988)
	(1,908)	**(1,536)**

Financial cost were adversely impacted by settlement of ineffective hedges as well as emerging markets currency volatility.

25. Maturity structure of financial liabilities

DKKm	2015	2014
Time to maturity:		
Within one year	4,369	5,939
Between one and five years	3,001	2,003
After five years	1,905	2,232
Total	**9,275**	**10,174**

Financial liabilities include bank loans and mortgage debt of DKK 4,878m (2014: DKK 5,530m) and trade payables of DKK 2,546m (2014: 2,736m).

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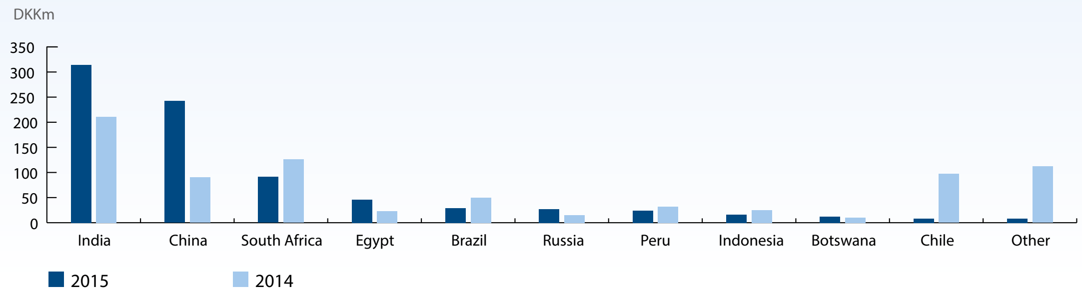
26. Specification of net interest-bearing debt

	Currency	2015 DKKm	Effective interest rate	Interest period			2014 [1)] DKKm	Effective interest rate
				< 1 year	1-5 years	> 5 years		
Mortgage debt	EUR	(307)	0.5%	100%	0%	0%	(352)	0.7%
Bank loans	USD	(1,605)	1.0%	100%	0%	0%	(2,234)	1.0%
Bank loans	EUR	(2,966)	1.1%	100%	0%	0%	(2,944)	1.4%
Total debt		**(4,878)**					**(5,530)**	
Total cash and cash equivalents, excl. net asset held for sale		1,123					963	
Other asset		80					9	
Total securities		1					1	
Net interest-bearing debt		**(3,674)**					**(4,557)**	

[1)] Net interest-bearing debt amount to DKK 4,593m adjusted for bulk material handling reported as discontinued activities.

Bank deposits which are placed in countries with currency restrictions, or are difficult to repatriate to Denmark. The cash is used to cover local operating costs.

Bank deposits with currency restrictions total DKK 819m (2014: DKK 792m) and are attributable to the following countries:



Development in net interest-bearing debt:

DKKm	2015	2014
Net interest-bearing debt at 1 January	(4,557)	(4,718)
Cash flow from operating activities	538	1,298
Acquisition of enterprises and activities	0	(200)
Net investments in intangible, tangible and financial assets	750	(412)
Paid dividend	(446)	(104)
Acquisition/disposal of treasury shares	17	(185)
Other items	20	(17)
Earn-out value adjustment	(17)	(6)
Currency adjustments, etc.	55	(155)
Interest-bearing debt at 31 December, Group	**(3,640)**	**(4,499)**
Net assets held for sale	(34)	(58)
Net interest-bearing debt, excluding assets and liabilities held for sale	**(3,674)**	**(4,557)**

27. Financial risks

Introduction
The Group is exposed to multiple financial risks due to its global operations. The financial risks include currency, interest, liquidity and credit risks. The overall framework for managing financial risks is contained in the Groups' Financial Policy, which is approved by the Board of Directors. Most of the Group's financial transactions are carried out centrally by Group Treasury, located in Denmark.

Group Treasury creates value by utilizing economies of scale ensuring cost effective management of financial facilities, daily loans/deposits, currency and interest exposure and cash management optimization. Group Treasury identifies, evaluates and hedges financial risks in close coordination with the various business units.

Additionally, Group Treasury negotiates both global and local credit and guarantee facilities. Group Treasury acts as financial advisor to Group companies on financial risks, and wording of export letters of credit, bank and corporate guarantees and financial packages for customers.

Financial risk	Impact (Low, Medium or High)	Policy	Mitigation
Currency risk	Medium	Limit set out in Group Financial Policy and managed by VaR (Value at Risk) at Group level on a daily basis The primary purpose of hedging currency exposures is to reduce cash flow and earnings volatility. The Financial Policy sets out various hedging thresholds to be managed by Group Treasury	• Group Treasury uses derivative financial instruments to hedge risk exposures • Exposures are hedged no later than when purchase orders or sales contracts become effective
Credit risk	Medium	Credit risks on customers and partner/suppliers are mainly managed by the different business units The Board of Directors has approved a framework for managing counterparty risks on banks for Group Treasury	• Continuous credit assessment of customers and trading partners/suppliers. Credit risks are mainly managed by the four business divisions • Credit risks is reduced by receiving prepayments and export letters of credits • Group Treasury uses financial institutions with acceptable credit ratings
Interest Risk	Low	The Financial Policy sets out various thresholds to manage the interest risk of the Group Modified duration of the debt portfolio and exposures thresholds per currency are the main parameters managed by Group Treasury	• Group Treasury uses derivative financial instruments to hedge risk exposures
Liquidity Risk	Low	The Financial Policy sets out various thresholds to manage the liquidity risk of the Group Diversity in debt resources, debt maturities and liquidity buffers are the key parameters managed by Group Treasury in accordance with the Financial Policy	• FLSmidth has various long-term committed financial facilities with multilateral banks and core commercial banks • FLSmidth also has various short-term uncommitted overdraft facilities with its core commercial banks • Cash management is optimised by operating cash pool systems • Group Treasury aims at having cash centralised in our cash pools where possible

Currency risk
The Group currency risks derive from the impact of exchange rates on future commercial and financial payments. A large portion of the Group's revenue is order based with long time to completion which creates currency exposures, for instance between the revenue currency of the contract (typically USD) and the costs associated to the project which might be in local currencies.

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27. Financial risks (continued)

The main purpose of hedging the Group's currency risk is to reduce cash flow and earnings volatility by hedging exposures back to local (functional) currencies. Group Treasury uses various financial derivatives to hedge these risks. The main aspects of currency hedging policy are:
- Hedge FX exposures on large projects and other large transactional exposures
- Hedge debt and cash back to the functional currency of the entity holding the exposures

Group Treasury manages the Group´s overall currency position by means of Value at Risk (VaR) which must not exceed DKK 5m per day. VaR as of December 31 2015 was under DKK 1m for the risks known to Group Treasury. A 5% increase in a given exchange rate against the Danish Krone would have had the following impact on the consolidated profit and equity for 2015:

Impact:

DKKm	EUR	USD	INR	AUD	ZAR	CAD	CLP
EBITA	4	5	0	5	4	1	8
Equity	136	217	63	42	24	53	25

Credit risk
The use of financial instruments entails the risk that the counterparties might not honour their obligations. This financial counterparty risk is minimized by using various financial counterparties, all with an acceptable credit rating.

The Group is also exposed to commercial credit risks, which arise from our customers not paying their receivables, or our suppliers not delivering their goods. However, FLSmidth has no particular concentration of suppliers or customers. For instance, in 2014 and 2015, no single customer accounted for more than 5% of the revenue. Moreover, the credit risk related to trade receivables is generally managed by continuous risk assessment and credit evaluation of major customers and trading partners. Credit risks on counterparties other than banks are minimized to the extent possible through the use of export letters of credit and guarantees, or by securing positive cash flow throughout the project execution.

Interest rate risks
Interest rate risks concern the interest-bearing assets and liabilities of the Group. The interest-bearing financial assets consist primarily of cash in financial institutions and the interest-bearing liabilities mainly consist of bank and mortgage debt. The main funding currencies of the Group are DKK, EUR, USD and AUD. The hedging of interest rates is governed by a duration range and it is managed by using derivatives such as interest rates swaps.

As of December 31 2015, close to 100% of the Group's interest-bearing debt carried a floating rate. Other things being equal, a 1% increase in the interest rate will have a DKK 37m negative effect on the Group's interest earnings (2014: DKK 46m).

Liquidity Risks
The purpose of the Group's cash management is to ensure that the Group at all times has sufficient and flexible financial resources at its disposal to assure continuous operations and honour obligations when due. The Group manages its short-term liquidity risks through cash pools systems in various currencies and by having short-term overdraft facilities in place with various financial institutions. Long-term liquidity risk is managed through committed financial facilities.

At the end of 2015, FLSmidth & Co A/S had entered into the following committed financial facilities:

DKKm

Commitment expiry	0 - 12 months	12 - 60 months	> 60 months
Multilateral banks:			
European Investment Bank (EUR) (fully drawn)	0	930	
Nordic Investment Bank (EUR) (fully drawn)	0	967	
Commercial banks:			
Core relationship banks	0	1,100	5,306

The weighted average maturity is 4.5 years (2014: 4 years) which is within the limits of the Group's Financial Policy.
The committed facilities contain standard clauses such as pari passu, negative pledge, change of control and a leverage financial covenant. The Group did not in 2015 or 2014 default on or failed to fulfil any financial facilities.

Additionally, the Group continuously monitors its liquidity buffer which shall never be lower than DKK 2bn at any point of time, at present and based on 12-month forecasts. Liquidity buffers are monitored on a daily basis. As of December 31 2015, the liquidity buffer of the Group is well above the threshold.

Please see note 25 in the consolidated financial statements for maturity structure of financial liabilities.

28. Derivatives

Accounting policy

Derivatives are initially recognised in the balance sheet at fair value and subsequently measured according to fair value at the balance sheet date. The fair value of derivatives is included in other receivables (positive fair value) or other liabilities (negative fair value) as the case may be. Positive fair values are only offset against negative fair values if the enterprise is entitled to and intends to make a net settlement of several financial instruments (cash settlement). The fair values of derivatives are measured on the basis of market data and recognised valuation methods.

Changes in the fair value of derivatives that are classified as and fulfil the criteria for hedging the fair value of already recognised assets or liabilities or binding agreements (fair value hedge) are recognised in the income statement together with changes in the value of the assets and liabilities hedged as far as the hedged portion is concerned. Hedging of future cash flow in accordance with an agreement signed, including exchange rate hedging of sales or purchase contracts in connection with orders, is treated as hedging of the fair value of a recognised asset or a recognised liability.

Derivatives that do not fulfil the criteria for hedge accounting are regarded (hedge accounting disregarded) as trading portfolio and recognised in the balance sheet at fair value on the balance sheet date. Value adjustments are recognised in the income statement as financial items.

Certain contracts contain conditions that correspond to derivatives. In case the embedded derivatives deviate significantly from the overall contract, they are recognised and measured as separate instruments at fair value, unless the contract concerned as a whole is recognised and measured at fair value.

Fair value of hedge instruments not qualifying for hedge accounting (economic hedge)
Fair value adjustments recognised in financial items in the Income Statement amounted to DKK -156m in 2015 (2014: DKK -35m).
At 31 December 2015, the fair value of the Group's hedge agreements that are not recognised as hedge accounting amounted to DKK -135m (2014: DKK -43m).

Fair value hedge
To minimise the foreign currency exposure arising from trade receivables, financial liabilities and firm commitments, the Group uses forward exchange contracts. The change in the fair value is specified below:

DKKm	2015	2014
Fair value recognised in hedged items	0	(2)
Included in the income statement	(1)	2

At 31 December 2015, the fair value of the Group's fair value hedge instruments amounted to DKK 0m (2014: DKK -1m).

Hedging of forecast transactions (cash flow hedge)
The Group uses forward exchange contracts to hedge currency risks regarding expected future cash flows that meet the criteria for cash flow hedging. The fair value reserve of the derivatives is recognised in other comprehensive income until the hedged items are included in the income statement. In addition, unrealised fair value of derivatives is recognised in other receivables and other liabilities.

DKKm	2015	2014
Cash flow hedge reserve recognised in other comprehensive income	(85)	(153)
Reclassified from other comprehensive income into income statement	43	113
Hedge ineffectiveness on cash flow hedges	(45)	0

At 31 December 2015, the fair value of the Group's cash flow hedge instruments amounted to DKK -40m (2014: DKK -128m).

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29. Treasury shares

Accounting policy

Treasury shares
Treasury shares are recognised in the balance sheet at zero value. When buying or selling treasury shares, the purchase or selling amount plus any dividend is recognised directly in equity among retained earnings.

The year's movements in holding of treasury shares (number of shares):	2015	2014
Treasury shares at 1 January	2,412,491	3,739,783
Cancellation of shares	0	(1,950,000)
Acquisition of treasury shares	18,666	664,485
Share options exercised	(103,229)	(41,777)
Treasury shares at 31 December	**2,327,928**	**2,412,491**

The holding of treasury shares represents 4.5% (2014: 4.7%) of the share capital.

30. Share-based payment, option plans

Accounting policy

Plans classified as equity-settled share options are measured at fair value at grant date of allocation and are recognised in the income statement as staff costs within the period in which the final entitlement to the options is attained. The counter item is recognised directly in the equity.

In connection with initial recognition of share options, an estimate is made of the number of options to which Management and key staff are expected to become entitled. Subsequent adjustment is made for changes in the estimate of the number of option entitlements so the total recognition is based on the actual number of option entitlements.

The fair value of the options allocated is estimated by means of the Black & Scholes model. The calculation takes into account the terms and conditions under which the share options are allocated.

Share-based incentive plans under which the employees may only choose to receive the value in cash are measured at fair value at the time of allocation and are recognised in the income statement among staff costs for the period in which the final entitlement to the cash amount is achieved. The incentive plans are subsequently re-measured on each balance sheet date and at the time of final settlement. The changes in the fair value of the plans are recognised in the income statement among staff costs in relation to the past period during which the employees achieved final entitlement to settlement in cash. The counter item is recognised under liabilities.

The Executive Management and a number of key employees in the Group have been granted options to purchase 2,955,571 shares in the company at a set price (strike price).

The Group's share option plan includes a "change of control" clause giving the holders the right to immediately exercise their options in connection with an acquisition.

Share-based plans (2008-2015 plan)
The share option plans for 2008-2015 are share-based payment arrangements. The value of the options is recognised in the income statement under staff costs on a linear basis from the time of allocation to the initial time of acquisition, which means that, at the time of exercising the option, no further recognition in the income statement takes place.

Specification of outstanding numbers:

Number of shares	**Executive Management**	**Key employees**	**Total number**
Outstanding options 1 January 2014	169,519	1,602,084	1,771,603
Allocated for 2013 (issued 15 November 2013)	0	6,000	6,000
Terminations, member of Executive Management	(46,918)	46,918	0
Exercised of 2009 plan	0	(19,600)	(19,600)
Exercised of 2011 plan	0	(22,177)	(22,177)
Lapsed	(8,650)	(102,450)	(111,100)
Allocated for 2014 (issued 22 August 2014)	103,211	490,574	593,785
Allocated for 2014 (issued 15 November 2014)	0	266,950	266,950
Outstanding options 31 December 2014	**217,162**	**2,268,299**	**2,485,461**
Allocated for 2013 (issued 15 November 2013)	(37,131)	37,131	0
Terminations, member of Executive Management	23,895	(23,895)	0
Exercised of 2009 plan	(8,025)	(59,525)	(67,550)
Exercised of 2011 plan	0	(35,679)	(35,679)
Lapsed	0	(48,602)	(48,602)
Allocated for 2015 (issued 15 November 2015)	119,766	502,175	621,941
Outstanding options 31 December 2015	**315,667**	**2,639,904**	**2,955,571**
Number of options that are exercisable at 31 December 2015	49,845	862,282	912,127
Number of options that are exercisable at 31 December 2014	42,183	580,801	622,984
Total fair value of outstanding options DKKm			
At 31 December 2015	10	78	88
At 31 December 2014	8	82	90

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30. Share-based payment, option plans (continued)

	2015	2014
Average weighted fair value per option	29.75	36.40
Average weighted strike price per option	276.71	279.78
Average price per share at the time of exercising the option	304.49	305.54

In 2015, the recognised fair value of share options in the consolidated income statement amounts to DKK 37m (2014: DKK 43m).
The calculation of average weighted fair value and strike prices per option is based on a dividend of DKK 4 in 2015 and DKK 9 expected going forward in the exercise period.

Year of allocation, strike price and exercise period for the individual allocations are as follows:

Year of allocation	Strike price	Exercise period	Allocated	Lapsed	Exercised	Outstanding
2009	200.00	2014-2015	161,210	(14,304)	(146,906)	0
2010	358.00	2015-2016	170,700	(15,000)	0	155,700
2011 allocated in August	245.00 236.00	2015-2016 2016-2017	340,390	(13,158)	(57,856)	269,376
2011 allocated in November	326.00 317.00	2015-2016 2016-2017	80,050	(1,601)	0	78,449
2012 allocated in August	336.00 332.00 323.00	2015-2016 2016-2017 2017-2018	311,732	(8,340)	0	303,392
2012 allocated in November	291.00 287.00 278.00	2015-2016 2016-2017 2017-2018	114,562	(9,352)	0	105,210
2013 allocated in August	289.00 280.00 271.00	2016-2017 2017-2018 2018-2019	440,448	(7,919)	0	432,529
2013 allocated in November	255.00 246.00 237.00	2016-2017 2017-2018 2018-2019	135,000	(3,000)	0	132,000
2014 allocated in August	294.20 285.20 276.20	2017-2018 2018-2019 2019-2020	593,785	(3,761)	0	590,024
2014 allocated in November	247.00 238.00 229.00	2017-2018 2018-2019 2019-2020	266,950	0	0	266,950
2015 allocated in November	248.00 239.00 230.00	2018-2019 2019-2020 2020-2021	621,941	0	0	621,941

The calculated fair values in connection with allocation are based on the Black & Scholes model for valuation of options.
The calculation of the fair value of share options at the time of allocation is based on the following assumptions:

	Allocated in November 2015	Allocated in November 2014	Allocated in August 2014
Average price per share	279.00	278.00	325.20
Strike price per share	279.00	278.00	325.20
Expected volatility	33.26%	26.42%	29.50%
Expected life	4 1/2 years	4 1/2 years	4 1/2 years
Expected dividend per share	DKK 9	DKK 9	DKK 9
Risk-free interest	0.0-0.6%	0.0-0.6%	0.0-0.6%
Number of share options allocated	621,941	266,950	593,785
Fair value per option, DKK	55.79	39.33	55.93
Total fair value, DKKm	35	10	33

The expected volatility is based on the historical volatility in the preceding 12 months.
The expected life is the weighted average residual life of the share options allocated.

31. Categories of financial instruments and fair value hierarchy of financial instruments

The carrying amount of financial instruments for each category is specified in the table below:

DKKm	2015	2014
Financial assets available for sale	116	90
Receivables measured at amortised cost including cash and cash equivalents	9,415	10,878
Financial assets measured at fair value through the income statement	128	116
Financial liabilities measured at amortised cost	9,079	9,950
Financial liabilities measured at fair value through the income statement	274	290

The fair value of financial assets and financial liabilities measured at amortised cost is approximately equal to the carrying amount.

Receivables measured at amortised cost including cash and cash equivalents include trade receivables of DKK 4,884m (2014: 5,026m) work-in-progress for third parties of DKK 2,526m (2014: DKK 3,289m), inventories of DKK 2,445m (2014: 2,628m) and cash and cash equivalents of DKK 1,123m (2014: DKK 963m).

Financial liabilities measured at amortised cost include bank loans and mortgage debt of DKK 4,878m (2014: DKK 5,530m) and trade payables of DKK 2,546m (2014: DKK 2,736m).

Financial assets and liabilities measured at fair value through the Income Statement are measured at quoted prices in an active market for similar assets or liabilities or other valuation methods, where all significant inputs are based on observable market data (level 2).

Of financial assets available for sale, DKK 91m (2014: DKK 66m) are measured at quoted prices in an active market for the same type of instruments (level 1). The remaining financial assets available for sale are measured using valuation methods, where any significant input are not based on observable market data (level 3).

There have been no significant transfers between level 1 and level 2 in 2015 or 2014.

The carrying amount is equal to the fair value except for the financial liabilities measured at amortised cost.

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At a glance
Tax, staff cost and remuneration, other disclosure requirements and basis for preparation

Effective tax rate

31.9%

up from 31.1%

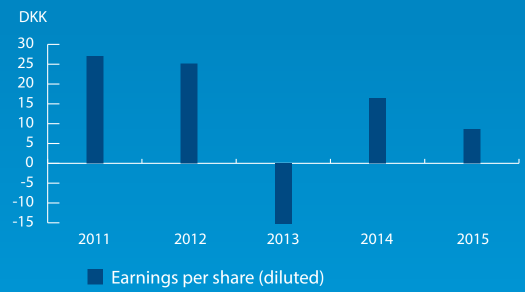
Taxes paid

Profit/(loss)
discontinuing business (DKKm)

(178)

down from (68)

Earnings per share



Staff costs
Continued activities (DKKm)

5,052

up from 4,789

Deferred tax asset

Tax

32. Tax for the year

Accounting policy

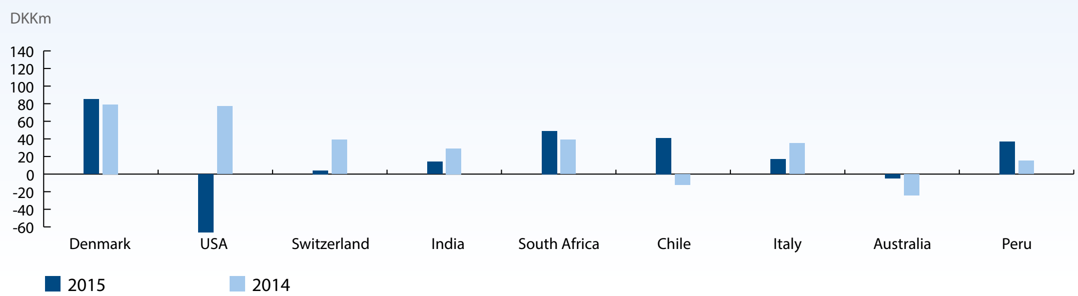
Tax for the year comprises current tax and changes in deferred tax and is recognised in the Income Statement with the share attributable to the profit/(loss) of the year, and in the other comprehensive income with the share attributable to items recognised in other comprehensive income. Exchange rate adjustments of deferred tax are included as part of the year's adjustments of deferred tax.

Current tax comprises tax calculated on the basis of the expected taxable income for the year, using the applicable tax rates for the financial year, and any adjustments of taxes for previous years.

DKKm	2015	Effective tax rate	2014	Effective tax rate
Current tax on the profit/(loss) for the year	**(415)**		**(408)**	
Withholding tax	(9)		(11)	
Change in deferred tax	219		24	
Change in tax rate on deferred tax	3		4	
Adjustments regarding previous years, deferred taxes	14		(76)	
Adjustments regarding previous years, current taxes	(130)		68	
Other adjustments	36		1	
Tax for the period, continuing activities	**(282)**		**(398)**	
Earnings before tax on continuing activities	885		1,279	
Earnings before tax on discontinued activities	(268)		(124)	
	617		**1,155**	
Reconciliation of tax				
Tax according to Danish tax rate	208	23.5%	313	24.5%
Differences in the tax rates in foreign subsidiaries relative to 23.5% (2014: 24.5%)	(3)	-0.3%	47	3.7%
Non-taxable income and non-deductible costs	37	4.1%	13	1.0%
Deductible loss on shares	(18)	-2.1%	(3)	-0.3%
Differences in tax assets valued at nil	(28)	-3.2%	14	1.1%
Differences due to adjustment of tax rate	(3)	-0.3%	(4)	-0.3%
Adjustments regarding previous years, deferred taxes	(14)	-1.6%	76	5.9%
Adjustments regarding previous years, current taxes	130	14.7%	(68)	-5.3%
Withholding taxes	9	1.0%	11	0.9%
Other adjustments	(36)	-4.0%	(1)	-0.1%
Effective tax rate	**282**	**31.9%**	**398**	**31.1%**

Adjustments regarding previous years are impacted by recognition of deferred tax of goodwill and true ups from filing final tax returns.

Corporate income tax paid in 2015 amounts to DKK 338m (2014: DKK 411m) of which the main part is attributable to Group companies in the following countries:



Besides corporate income tax, the activities of the Group generate sales taxes, custom duty, personal income taxes paid by the employees, etc.

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32. Tax for the year (continued)

DKKm	2015			2014		
Tax on other comprehensive income	**Deferred tax**	**Current tax**	**Tax income/ cost**	**Deferred tax**	**Current tax**	**Tax income/ cost**
Foreign exchange adjustment of loans classified as equity in enterprises abroad	0	(48)	(48)	0	(28)	(28)
Value adjustments of hedging instruments	9	4	13	32	0	32
Actuarial gains/losses on defined benefit plans	3	0	3	19	0	19
	12	**(44)**	**(32)**	**51**	**(28)**	**23**

33. Deferred tax assets and liabilities

Accounting policy

Deferred tax is calculated using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to initial recognition of goodwill. Deferred tax is calculated based on the applicable tax rates for the individual financial years. The effect of changes in the tax rates are stated in the income statement unless they are items previously entered in the statement of other comprehensive income.

A deferred tax liability is made to cover re-taxation of losses in foreign enterprises if shares in the enterprises concerned are likely to be sold and to cover expected additional future tax liabilities related to financial year or previous years. No deferred tax liabilities regarding investments in subsidiaries are recognised if the shares are unlikely to be sold in the short term.

The tax value of losses that are expected with adequate certainty to be available for utilisation against future taxable income in the same legal tax unit and jurisdiction is included in the measurement of deferred tax.

FLSmidth & Co. A/S is jointly taxed with all Danish subsidiaries, FLSmidth & Co. A/S being the administrator of the Danish joint taxation.

All the Danish subsidiaries provide for the Danish tax based on the current rules with full distribution. Recognition of deferred tax assets and tax liabilities is made in the individual Danish enterprises based on the principles described above. The jointly taxed Danish enterprises are included in the Danish tax payable on account scheme.

If companies in the Group have deferred tax liabilities, they are valued independently of the time when the tax, if any, becomes payable.

Significant estimates and assessments by Management

Deferred tax assets are recognised if it is likely that there will be taxable income in the future against which timing differences or tax loss carry forwards may be used. For this purpose, Management estimates the coming years' earnings based on budgets.

DKKm	2015							
	Balance sheet 1 January	**Assets held for sale**	**Foreign exchange translation**	**Adjustment to previous years, etc.**	**Changed tax rate**	**Included in other comprehensive income**	**Included in the profit/ (loss)**	**Balance sheet 31 December**
Deferred tax consists of								
Intangible assets	(10)	0	(7)	(66)	(8)	0	(16)	(107)
Tangible assets	27	0	(16)	146	(8)	15	35	199
Current assets	619	(240)	25	(157)	2	0	58	307
Liabilities	(322)	265	22	76	18	(3)	126	182
Tax loss carry-forwards, etc.	199	0	(4)	26	(5)	0	(12)	204
Share of tax asset valued at nil	(86)	0	(4)	(11)	4	0	28	(69)
Net deferred tax assets/(liabilities)	**427**	**25**	**16**	**14**	**3**	**12**	**219**	**716**

33. Deferred tax assets and liabilities (continued)

DKKm	2014							
	Balance sheet 1 January	**Assets held for sale**	**Foreign exchange transla-tion**	**Adjust-ment to previous years, etc.**	**Changed tax rate**	**Included in other compre-hensive income**	**Included in the profit/ (loss)**	**Balance sheet 31 December**
Deferred tax consists of								
Intangible assets	(4)	(26)	(27)	(20)	(16)	0	83	(10)
Tangible assets	147	0	(6)	(56)	(6)	(24)	(28)	27
Current assets	761	(5)	21	(35)	5	0	(128)	619
Liabilities	(573)	(41)	27	46	14	75	130	(322)
Tax loss carry-forwards, etc.	403	(170)	4	1	0	0	(39)	199
Share of tax asset valued at nil	(144)	65	0	(1)	7	0	(13)	(86)
Net deferred tax assets/(liabilities)	**590**	**(177)**	**19**	**(65)**	**4**	**51**	**5**	**427**

DKKm	2015	2014
Deferred tax assets	1,096	979
Deferred tax liabilities	(380)	(552)
	716	**427**
Maturity profile of tax assets valued at nil:		
Within one year	81	0
Between one and five years	129	83
After five years	80	284
	290	**367**
Tax value	**69**	**86**
Deferred tax assets not recognised in the balance sheet consist of:		
Temporary differences	0	82
Tax losses	290	285
	290	**367**

Temporary differences regarding investments in Group enterprises are estimated as a tax liability of DKK 300-350m in 2015 (2014: DKK 300-350m). The amount is not included because the Group is able to control whether the liability is released and it is considered likely that the liability will not be released in the foreseeable future.

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Staff cost and remuneration

34. Staff costs

Accounting policy

Staff costs consist of direct wages and salaries, remuneration, pension, share-based payments, training, etc. related to the continuing activities.

DKKm	2015	2014
Wages, salaries and other remuneration	4,201	3,964
Contribution plans and other social security costs, etc.	493	427
Defined benefit plans	17	9
Share-based payment, option plans	38	43
Other staff costs	303	346
	5,052	**4,789**
The amounts are included in the items:		
Production costs	3,139	2,892
Sales and distribution costs	977	966
Administrative costs	936	931
	5,052	**4,789**

The average number of employees in the continuing activities was 13,070 (2014: 13,570).

Increase in staff costs related to exchange rates amounts to DKK 377m, and is mainly due to changes in USD and INR exchange rates.

For further details concerning the remuneration of the Executive Management and Board of Directors, see note 35 in the consolidated financial statements regarding related parties.

Redundancy costs incurred in 2015 amount to DKK 41m (2014: DKK 48m).

35. Related party transactions

Related parties with significant influence consist of the Group's Board of Directors and Executive Management as well as close relatives of these persons. Related parties also include companies on which these persons exert considerable influence.

Transactions between the consolidated Group enterprises are eliminated in the consolidated financial statements. In 2015 and 2014 there were no transactions between related parties that are not part of the Group apart from the below mentioned.

DKKm	2015	2014
Remuneration of Board of Directors		
Board of Directors fees	5	5
Total remuneration of Board of Directors	**5**	**5**
Remuneration of the Group Executive Management		
Wages and salaries	28	28
Bonus etc.	5	4
Termination benefit	0	5
Share-based payment	4	4
Total remuneration of the Group Executive Management	**37**	**41**
This includes remuneration of the Group Chief Executive Officer, Mr. Thomas Schulz	9	9

The remuneration includes eight Group Executive Management members, of which four are registered with Erhvervsstyrelsen (The Danish Business Authority).

The members of the Group Executive Management have 18 months' notice in the event of dismissal and shall receive up to six months' salary on the actual termination of their employment.

Each member of the Group Executive Management may receive a yearly bonus which may not exceed 40% of the relevant member´s Gross Salary, including pension, for the year in question.

36. Board of Directors and Executive Management

The members of the FLSmidth & Co. A/S´ Board and Executive Management hold shares per 31 December in FLSmidth & Co. A/S and other executive positions in Danish and foreign commercial enterprises as specified below:

	Remuneration		Nominal shareholding		Executive positions in other enterprises*
Board of Directors	**2015 DKK (1,000)**	**2014 DKK (1,000)**	**31 Dec. 2015 Number of shares**	**31 Dec. 2014 Number of shares**	
Vagn Ove Sørensen (Chairman)	1,200	1,200	6,301	4,191	Chairman of the Boards of Directors TDC A/S (Denmark), TIA Technology A/S (Denmark), Zebra A/S, Scandic Hotels AB (Sweden), Select Service Partner Plc (UK), Automic Software GmbH (Austria), Bureau van Dijk BV (Holland) and Thor Denmark Holding ApS (Denmark). Vice Chairman of the Boards of Directors of DFDS A/S (Denmark). Member of the Boards of Director of CP Dyvig & Co. A/S (Denmark), JP/Politikens Hus A/S (Denmark), Lufthansa Cargo (Germany), Air Canada (Canada), Royal Caribbean Cruises Ltd. (USA), and Braganza AS (Norway). Senior Advisor to EQT Partners and Morgan Stanley. CEO of E-Force ApS (Denmark)
Torkil Bentzen	800	800	5,000	5,000	Chairman of the Boards of Directors of Burmeister & Wain Scandinavian Contractor A/S (Denmark), State of Green (Denmark), Boel Bentzen A/S (Denmark) and Chairman of TGE Marine AG (Germany). Member of the Boards of Directors of Mesco Danmark A/S (Denmark) and Siemens A/S Danmark (Denmark). Senior Advisor to the Board of Mitsui Engineering & Shipbuilding Ltd. (Japan). CEO of Boel Bentzen Holding ApS (Denmark).
Mette Dobel (employee-elected)	400	400	864	864	None
Caroline Grégoire Sainte Marie	500	500	250	150	Member of the Boards of Directors of Groupama SA (France), Eramet (France), and Wienerberger AG (Austria) and Investor and Member of the Board of Directors of CALYOS (Belgium)
Martin Ivert	500	500	300	300	Chairman of the Board of Directors of Åkers (Sweden). Member of the Board of Directors of Ovako (Sweden)
Sten Jakobson	500	500	2,000	2,000	Chairman of the Boards of Directors of Power Wind Partners AB (Sweden) and LKAB (Sweden). Vice Chairman of the Board of Directors of SAAB (Sweden). Member of the Boards of Directors of Stena Metall (Sweden) and Xylem Inc (USA)
Tom Knutzen	600	600	12,500	12,500	CEO of Jungbunzlauer Suisse AG (Switzerland). Member of the Board of Directors and Chairman of the Board Audit Committee for Nordea Bank AB (publ) (Sweden)
Søren Qvistgaard Larsen (employee-elected)	400	400	65	65	None
Jens Peter Koch (employee-elected)	400	400	240	40	None
Executive Management					
Thomas Schulz**			4,510	2,510	None
Lars Vestergaard**			1,341	1,030	None
Bjarne Moltke Hansen**			177	177	Member of the Board of Directors of RMIG A/S, (Denmark) and Burmeister & Wain Scandinavian Contractor A/S (Denmark)
Brian M. Day			0	0	None
Manfred Schaffer			0	0	None
Virve Elisabeth Meesak			500	500	None
Per Mejnert Kristensen**			1,705	1,705	None
Eric Thomas Poupier			205	0	None

* Apart from 100% owned FLSmidth & Co. A/S' subsidiaries.
** Registered with Erhvervsstyrelsen (The Danish Business Authority).

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Other disclosure requirements

37. Earnings per share (EPS)

Accounting policy

Earnings per share (EPS) and diluted earnings per share (EPS, diluted) are measured according to IAS 33. Non-diluted earnings per share are calculated as the earnings for the year after tax from continuing and discontinued activities allocated to the shareholders of FLSmidth & Co A/S divided by the total average number of shares outstanding during the year, (shares issued adjusted for treasury shares). Share options in-the-money are included in the calculation of the diluted earnings per share.

DKKm	2015	2014
Earnings		
FLSmidth & Co. A/S´ shareholders' share of profit/(loss) for the year	421	812
FLSmidth & Co. A/S´ profit/(loss) from discontinued activities	(178)	(68)
Number of shares, average		
Number of shares issued	51,250,000	52,150,000
Adjustment for treasury shares	(2,360,294)	(2,778,225)
Potential increase of shares in circulation, share options in-the-money	106,376	70,864
Average number of shares	**48,996,082**	**49,442,639**
Earnings per share		
Continuing and discontinued activities per share	8.6	16.4
Continuing and discontinued activities, diluted, per share	8.6	16.4
Continuing activities per share	12.3	17.8
Continuing activities, diluted, per share	12.3	17.8

Non-diluted earnings per share in respect of discontinued activities amount to DKK -3.6 (2014: DKK -1.4) and diluted earnings per share in respect of discontinued activities amount to DKK 3.6 (2014: DKK -1.4).

The calculation of diluted earnings per share is inclusive of 106,376 share options in-the-money (2014: 70,864), which is the difference between the number of shares that could have been acquired at fair value with proceeds from exercised share options, and the number of shares which would have been issued assuming the exercises from the share options.

38. Acquisition of enterprises and activities

There have been no acquisitions of enterprises and activities in 2015 or in 2014.

39. Disposal of enterprises and activities

Accounting policy

On disposal of enterprises and activities the difference between the selling price and the carrying amount of the net assets at the date of disposal including remaining goodwill less expected costs of disposals is recognised in the income statement among special non-recurring items. If the activities prior to the sale were classified as discontinued activities, the difference is recognised as profit/(loss) for the year, discontinued activities.

If the final consideration is dependent on future events (contingent consideration), it is stated at fair value at the time of sale, and classified as financial assets and adjusted directly in the income statement.

Enterprises and activities sold are included in the consolidated financial statements until the date of disposal.

DKKm	2015	2014
Intangible assets	66	0
Tangible assets	640	13
Inventories	290	5
Trade receivables	184	0
Work-in-progress for third parties	0	12
Other assets	167	28
Cash and cash equivalents	82	4
Liabilities	(1,035)	(34)
Carrying amount of net assets disposed	**394**	**28**
Net interest-bearing debt	455	-
Enterprise value	**849**	**28**
Selling price	1,078	20
Enterprise value	(849)	(28)
Transaction costs	(115)	-
Profit/loss on disposal of enterprises and activities	**114**	**(8)**
Cash received	**999**	**20**
Deferred payment	71	-
Total selling price	**1,070**	**20**
Transaction costs	(115)	-
Cash and cash equivalents disposed of, see above	(82)	(4)
Net cash effect	**873**	**16**

Disposal of enterprises and activities in 2015 consists of Cembrit and disposal of non-core activities in USA and Canada.

Disposal of enterprises and activities in 2014 consists of disposal of non-core activities in Germany, China and France.

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40. Discontinued activities

Accounting policy

Discontinued activities are presented in the Income Statement as follows: profit/(loss) for the year, discontinued activities. The item consists of operating income after tax from activities concerning gains or losses from fair value adjustment. Disposal of the assets related to the activities are likewise presented as discontinued activities.

In the consolidated cash flow statement, cash flow from discontinued activities is included in cash flow from operating, investing and financing activities together with cash flow from continuing activities.

The financial highlights and key ratios of discontinued activities are as follows:

DKKm	2015	2014
Revenue	1,113	2,165
Costs	(1,381)	(2,289)
Earnings before tax (EBT)	(268)	(124)
Tax for the year	90	56
Profit/(loss) for the year, discontinued activities	**(178)**	**(68)**
Cash flow statement		
Cash flow from operating activities	(453)	120
Cash flow from investing activities	(82)	(162)
Cash flow from financing activities	(73)	(31)
Earnings per share		
Discontinued activities per share	-3.6	-1.4
Discontinued activities, diluted, per share	-3.6	-1.4

It has been decided to ring-fence and restructure the bulk material handling activities with a view to divest the activities. Consequently, the impacted activities have been reclassified as discontinued activities.

Cembrit was sold as of 30 January 2015. Included in discontinued activities are special non-recurring items of DKK 127m (2014: DKK -17m), of which gain on sale of Cembrit accounts for DKK 134m.

41. Specification of assets and liabilities classified as held for sale

Accounting policy

Non-current assets as well as assets and liabilities expected to be sold as a group (disposal group) in a single transaction are reclassified to assets and liabilities classified as held for sale, if their carrying value is likely to be recovered by sale within 12 months in accordance with a formal plan.

Assets or disposal groups held for sale are measured at the lower of the carrying value and the fair value less costs to sell. Assets are not depreciated from the time they are reclassified as held for sale.

DKKm	2015	2014
Intangible assets	1	56
Tangible assets	5	608
Deferred tax assets	52	72
Inventories	11	286
Trade receivables	18	217
Work-in-progress for third parties	388	0
Cash and cash equivalents	34	58
Other assets	131	99
Assets classified as held for sale total	**640**	**1,396**
Provisions	139	160
Trade payables	84	158
Work-in-progress for third parties	195	0
Other liabilities	123	165
Liabilities directly associated with assets classified as held for sale total	**541**	**483**

It has been decided to ring-fence and restructure the bulk material handling activities with a view to divest the activities. Consequently, the impacted activities have been reclassified as discontinued activities. Assets and liabilities connected to the activities are reclassified as held for sale.

Cembrit was sold as of 30 January 2015. Therefore, Cembrit´s assets and liabilities were classified as held for sale in 2014.

42. Charged assets

DKKm	2015		2014	
	Carrying amount of charged assets	**Charge**	**Carrying amount of charged assets**	**Charge**
Land and buildings	53	307	68	352

43. Fee to parent company auditors appointed at the Annual General Meeting

In addition to statutory audit, Deloitte, the Group auditors appointed at the Annual General Meeting, provides other assurance engagements and other consultancy services to the Group.

DKKm	2015	2014
Statutory audit	19	20
Other assurance engagements	0	2
Tax and indirect taxes consultancy	4	10
Other services	6	2
	29	**34**

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44. Shareholders

Two shareholders have reported a participating interest above 10%:
Lundbeck Foundation and Lundbeckfond Invest A/S
Novo A/S on behalf of Novo Nordisk Fonden

Another two shareholders have reported a participating interest above 5%:
Franklin Resources Inc.
Templeton Global Advisors Limited (part of Franklin Resources Inc.)

45. Events occurring after the balance sheet date

As announced on 21 January 2016, FLSmidth has been informed that Novo A/S on behalf of Novo Nordisk Fonden holds a total of 7,700,000 FLSmidth & Co. A/S shares, which corresponds to 15.02% of the total nominal share capital in FLSmidth & Co. A/S.

As announced on 31 January 2016, FLSmidth has signed a five year contract with Arabian Cement Company (ACC) for operation and maintenance of the production lines at their cement plant located near the city of Suez in Egypt. FLSmidth has been operating and maintaining the two lines since 2008 and 2010, respectively.

As announced on 2 February 2016, FLSmidth has been informed that Morgan Stanley, USA controls a total of 6.43% of the voting rights attached to FLSmidth & Co. A/S shares.

As announced on 5 February FLSmidth has been informed that Morgan Stanley, USA controls less than 5% of the voting rights attached to FLSmidth & Co. A/S shares.

As announce on 8 February FLSmidth has signed an EPC (Engineering, Procurement and Construction) contract with a value of more than EUR 200m with the Algerian cement producer SARL Amouda Ingineering for the supply of a greenfield cement plant in Algeria. The plant will be located in El Beida (Laghouat), approximately 400 km from the capital Algiers.

46. Approval of the Annual Report for publication

At its meeting on 11 February 2016, the Board of Directors has approved this Annual Report for publication.
The Annual Report will be presented to the shareholders of FLSmidth & Co. A/S for approval at the Annual General Meeting on 5 April 2016.

47. List of Group companies

Company name	Country	Direct Group holding (pct.)
FLSmidth & Co. A/S	Denmark	100
DEF 1994 A/S	Denmark	100
FLS Plast A/S	Denmark	100
FLS Real Estate A/S	Denmark	100
FLSmidth (Beijing) Ltd.	China	100
FLSmidth Finans A/S	Denmark	100
FLSmidth Dorr-Oliver Eimco Venezuela S.R.L.	Venezuela	100
FLSmidth S.A.C.	Peru	100
SLF Romer XV ApS	Denmark	100
Cembrit GmbH	Germany	100
Cembrit Roof S.r.l.	Italy	100
Gemena Sp. Z.o.o.	Poland	100
Interfer S.A.S.	France	100
NASS B.V.	Netherlands	100
FLSmidth Operation & Maintenance A/S	Denmark	100
NLS-SSBIL*	UAE	50
NLSupervision Company Angola, LDA.	Angola	100
NL Supervision Company Nigeria LLC	Nigeria	100
NL Supervision Company Tunisia	Tunisia	100
NL Supervision DRC Sarl	Democratic Republic of Congo	100
FLSmidth A/S	Denmark	100
FLS EurAsia AG**	Switzerland	33
FLS Maroc	Morocco	100
FLSmidth A/S Armenia limited liability company (LLC)	Armenia	100
FLSmidth A/S (Jordan) Ltd.	Jordan	100
FLSmidth AB	Sweden	100
FLSmidth Argentina S.A.	Argentina	100
FLSmidth Co. Ltd.	Vietnam	100
FLSmidth S.A.	Spain	100
FLSmidth SAS	Colombia	100
FLSmidth (Private) Ltd.	Pakistan	100
FLSmidth Solutions ApS	Danmark	100
FLSmidth Milano S.R.L.	Italy	100
FLSmidth (UK) Limited	United Kingdom	100
FLSmidth (Jersey) Limited	Jersey	100

47. List of Group companies (continued)

Company name	Country	Direct Group holding (pct.)
FLSmidth Philippines, Inc.	Philippines	100
FLSmidth Ireland Limited	Ireland	100
FLSmidth Ltd.	United Kingdom	100
FLSmidth Ltda.	Brazil	100
FLSmidth MAAG Gear AG	Switzerland	100
FLSmidth MAAG Gear Sp. z o.o.	Poland	100
Reset Holding AG	Switzerland	100
Teutrine GmbH	Switzerland	100
FLSmidth Kenya Limited	Kenya	100
FLSmidth Krebs GmbH	Austria	100
FLSmidth Mongolia	Mongolia	100
FLSmidth Qingdao Ltd.	China	100
FLSmidth Rusland Holding A/S	Denmark	100
FLSmidth Rus OOO	Russia	100
FLSmidth Bel	Belarus	100
FLSmidth Sales and Services Limited	Nigeria	100
FLSmidth Sales and Services Limited	Turkey	100
FLSmidth SAS	France	100
FLSmidth Shanghai Ltd.	China	100
FLSmidth Spol. s.r.o.	Czech Republic	100
FLSmidth Ventomatic SpA	Italy	100
FLSmidth MAAG Gear S.p.A	Italy	100
FLSmidth Zambia Ltd.	Zambia	100
LFC International Engineering JSC*	Vietnam	40
MAAG Gear Systems AG	Switzerland	100
Phillips Kiln Services International F.Z.E.	UAE	100
Pfister Holding GmbH	Germany	100
PT FLSmidth Indonesia	Indonesia	100
FLSmidth LLP	Kazakhstan	100
P.T. FLSmidth Construction Indonesia	Indonesia	67
The Pennies and Pounds Holding, Inc.*	Philippines	33
FLSmidth Tyskland A/S	Denmark	100
FLS Germany Holding GmbH	Germany	100
FLSmidth Real Estate GmbH	Germany	100
FLSmidth Pfister GmbH	Germany	100
FLSmidth Hamburg GmbH	Germany	100
Möller Materials Handling GmbH	Germany	100
FLSmidth Wiesbaden GmbH	Germany	100
FLSmidth Wadgassen GmbH	Germany	100
FLSmidth Wuppertal GmbH	Germany	100
FLSmidth Oelde GmbH	Germany	100
Fuller Offshore Finance Corp. B.V.	Netherlands	100
FLSmidth Kovako B.V.	Netherlands	100
FLSmidth Minerals Holding ApS	Denmark	100
FLSmidth Ltd.	Canada	100
9189-6175 Quebec Inc.	Canada	100
4437845 Canada Inc.	Canada	100
FLSmidth Pty. Ltd.	Australia	100
DMI Holdings Pty. Ltd.	Australia	100
DMI Australia Pty. Ltd.	Australia	100
ESSA Australia Limited	Australia	100
ESSA International Pty. Ltd.	Australia	100
Fleet Rebuild Pty. Ltd.	Australia	100
Mayer Bulk Group Pty. Ltd.	Australia	100
FLSmidth Mayer Pty. Ltd.	Australia	100
Mayer International Machines South Africa Pty. Ltd.	South Africa	100

Company name	Country	Direct Group holding (pct.)
FLSmidth ABON Pty. Ltd.	Australia	100
FLSmidth Krebs Australia Pty. Ltd.	Australia	100
FLSmidth M.I.E. Enterprises Pty. Ltd.	Australia	100
Ludowici Pty. Limited	Australia	100
Hicom Technologies Pty. Ltd.	Australia	100
Ludowici Australia Pty. Ltd.	Australia	100
Ludowici China Pty Limited	Australia	100
Ludowici Beijing Ltd.	China	100
Ludowici Hong Kong Limited	Hong Kong	100
Yantai Ludowici Mineral Processing Equipment Limited	China	100
Rojan Advanced Ceramics Pty. Ltd.	Australia	100
Ludowici Hong Kong Investments Ltd.	Hong Kong	100
Qingdao Ludowici Mining Equipment Ltd.	China	100
J.C. Ludowici & Son Pty. Limited	Australia	100
Ludowici Packaging Australia Pty. Ltd.	Australia	100
Ludowici Technologies Pty. Ltd.	Australia	100
Ludowici Plastics Limited	New Zealand	100
Ludowici Packaging Limited	New Zealand	100
FLSmidth S.A.	Chile	100
FLSmidth S.A. de C.V.	Mexico	100
FLSmidth Private Limited	India	100
FLSmidth (Pty.) Ltd.	South Africa	100
FLSmidth Buffalo (Pty.) Ltd.	South Africa	100
FLSmidth Mozambique Limitada	Mozambique	100
FLSmidth South Africa (Pty.) Ltd.	South Africa	75
FLSmidth Roymec (Pty) Ltd.	South Africa	74
FLSmidth (Pty) Ltd.	Botswana	74
Euroslot KDSS (South Africa) (Pty.) Ltd.**	South Africa	50
FLS US Holdings, Inc.	United States	100
FLSmidth USA, Inc.	United States	100
FLSmidth Dorr-Oliver Eimco SLC Inc.	United States	100
FLSmidth Dorr-Oliver Inc.	United States	100
FLSmidth Dorr-Oliver International Inc.	United States	100
FLSmidth Krebs (Beijing) Ltd.	China	100
Ludowici Mineral Processing Equipment Inc.	USA	100
Phillips Kiln Services (India) Pvt. Ltd.	India	50
Phillips Kiln Services Europe Ltd.	United Kingdom	50
SLS Corporation	United States	100
FLSmidth Inc.	United States	100
Fuller Company	United States	100

* Associate
** Joint venture
All other enterprises are Group enterprises.

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Basis for preparation

48. Significant accounting estimates and assessments by Management

The preparation of the Annual Report requires that Management makes accounting estimates, assumptions and judgments that affect the recognized assets and liabilities, including the disclosures made regarding contingent assets and liabilities, when applying the Group's accounting policies.

The management accounting estimates, assumptions and judgments are based on historical experience, available information and other assumptions considered relevant and reliable at the time, in order to fairly present the Group´s financial position and results of operations.

The estimates made and the underlying assumptions are reconsidered on an ongoing basis. These estimates and assumptions form the basis of the recognized carrying amounts of assets and liabilities and the derived effects on the income statement and other comprehensive income. The actual results may deviate over time.

The significant accounting estimates and assessments essential for preparing the consolidated financial statements are presented in the Annual Report, as follows:

- Revenue: note 3
- Work-in-progress for third parties: note 13
- Inventories: note 14
- Trade receivables: note 15
- Intangible assets: note 16
- Tangible assets: note 17
- Impairment test: note 18
- Provisions: note 20
- Pension assets and liabilities: note 23
- Deferred tax assets and liabilities: note 33

Please refer to the specific notes for further information on the accounting estimates, assumptions and judgments made by Management.

49. Accounting policies

This note sets out the Group´s accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one financial statement item, the policy is described in the note to which it relates.

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Annual Report is also presented in accordance with Danish disclosure requirements for annual reports published by listed companies as well as the IFRS executive order issued in compliance with the Danish Financial Statements Act.

The financial statements of the parent company FLSmidth & Co. A/S are presented in conformity with the provisions of the Danish Financial Statements Act for reporting class D enterprises. The instances in which the parent company's accounting policies deviate from those of the Group have been separately described on page 156.

The Annual Report is presented in Danish kroner (DKK) which is the presentation currency of the activities of the Group and the functional currency of the parent company.

The accounting policies for the consolidated financial statements and for the parent company are unchanged from 2014. However, a few reclassifications have taken place in the comparative figures for 2014.

As a consequence of Cembrit being sold 30 January 2015, Cembrit was reported as discontinued activity in 2014. Furthermore, it has been decided to ring-fence and sell the bulk material handling activities, why this activity will be separated from the business and transferred into a standalone unit. As a consequence hereof, bulk material handling is reported as discontinued activity in 2015. Profit and loss comparative figures for 2014 have been adjusted accordingly.

The assets and related liabilities of the discontinued activity, Cembrit and bulk material handling, are presented in the separate lines "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale" in the balance sheet without restatement of comparative figures.

Implementation of new and changed standards and interpretations
The Annual Report for 2015 is presented in conformity with the new and revised standards (IFRS/IAS) and new interpretations (IFRIC) approved by the EU, which apply to financial years beginning on 1 January 2015 or later.

The implementation of new and revised standards and interpretations has not had material impact on the financial reporting for 2015.

49. Accounting policies (continued)

General principles for recognition and measurement
Assets are recognised in the balance sheet when it is likely that future economic benefits will flow to the Group and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when it is likely that future economic benefits will depart from the Group and the value of the liability can be measured reliably. In case of initial recognition, assets and liabilities are measured at cost. Subsequent measurements are based on value adjustments as described in the notes.

Consolidated financial statements
The consolidated financial statements comprise the parent company, FLSmidth & Co. A/S´ and all enterprises in which the Group holds the majority of the voting rights or in which the Group in some other way holds control. Enterprises, in which the Group holds between 20% and 50% of the voting rights or in some other way holds significant influence, but not control, are regarded as associates. Investments in jointly controlled entities are recognised as joint ventures by using the pro-rata method.

The consolidated financial statements are based on the financial statements of the parent company and the individual subsidiaries which are recognised in accordance with the Group accounting policies. All items of a uniform nature are added together, while intercompany income, costs, balances and shareholdings are eliminated. Unrealised gains and losses on transactions between consolidated enterprises are also eliminated.

The items in the financial statements of subsidiaries are included one hundred per cent in the consolidated financial statements. The proportionate share of the earnings attributable to the minority interests is included in the Group’s profit/loss for the year and as a separate portion of the Group’s equity.

Translation of foreign currency
The functional currency is determined for each of the reporting enterprises. The functional currency is the currency primarily used by the individual reporting enterprises in connection with day-to-day operations.

Transactions in another currency than the functional currency are transactions in foreign currency. Transactions in another currency than the Group’s functional currency are translated at the exchange rate of the day of transaction. Financial assets and liabilities in foreign currency are translated at the exchange rates prevailing at the balance sheet date. Any foreign exchange differences between the rates prevailing at the date of the transaction and the payment date or the balance sheet date, as the case may be, are recognised in the income statement as financial items.

Non-monetary assets and liabilities in foreign currency are recognised at the rate of exchange prevailing at the date of the transaction. Non-monetary items that are measured at fair value (shares) are translated at the exchange rate prevailing at the date of the latest fair value adjustment.

The income statements of foreign subsidiaries with a functional currency that differs from Danish kroner and of foreign associates and pro-rata consolidated joint ventures are translated at average exchange rates while their balance sheet items are translated at the exchange rates quoted at the balance sheet date. The differences deriving from the translation of the income statements of foreign business units at average exchange rates and of their balance sheet items at the rate of exchange at the balance sheet date are adjusted in the equity.

The foreign exchange adjustment of receivables from or debt to subsidiaries, that are considered part of the parent company’s total investment in the subsidiary concerned, is recognised in the statement of comprehensive income in the consolidated financial statements.

If the financial statements of a foreign business unit are presented in a currency in which the accumulated rate of inflation over the past three years exceeds 100 per cent, adjustments for inflation are made. The adjusted financial statements are translated at the exchange rate quoted on the balance sheet date.

Equity
Dividend is allocated in the financial statements at the time when it is decided at the Annual General Meeting, and the company thereby incurs a liability. The dividend, which is proposed for distribution, is stated separately in the equity.

Dividend
Dividend is allocated in the financial statements at the time when it is decided at the Annual General Meeting, and the company thereby incurs a liability. The dividend, which is proposed for distribution, is stated separately in the equity.

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49. Accounting policies (continued)

Foreign exchange adjustments
Reserve for foreign exchange adjustments comprises exchange rate differences arising during the translation of the financial statements for entities with a functional currency other than Danish kroner, foreign exchange adjustments regarding assets and liabilities which account for a portion of the Group's net investment in such entities, and foreign exchange adjustments regarding hedging transactions which hedge the Group's net investment in such entities. On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement in the same item as the gain/loss.

Value adjustments regarding hedging transactions
Fair value adjustments comprise changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedged transaction has not yet been realised.

Group financial highlights
Financial highlights and key ratios are defined and calculated in accordance with the Danish Society of Financial Analysts' "Recommendations and Financial Ratios 2015 Nordic Edition".

EBITDA (Earnings before special non-recurring items, depreciation, amortisation and impairment) is defined as the operating income (EBIT) with addition of the year's amortisation, depreciation and impairment of intangible and tangible assets and special non-recurring items.

The working capital cannot be directly derived from the published balance sheet figures. The principal items included in the calculation of working capital are: inventories, trade receivables, other receivables (exclusive of interest-bearing items), work-in-progress for third parties (both assets and liabilities), prepayments (both from customers and to subcontractors), trade payables, and other liabilities (exclusive of interest-bearing items).

50. Standards and interpretations that have not yet come into force

Standards and interpretations which have been approved for use in the EU, but have not yet come into force
Below amended standards and improvements were not incorporated in the 2015 Annual Report as they were not yet into force:
- Amendments to IAS 16 and IAS 38, clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRS 11, Construction Contracts
- Annual Improvements to IFRS 2010-2012
- Annual Improvements to IFRS 2012-2014

The other new standards and amendments are not expected to have material impact on the financial reporting for the coming financial years.

Standards and interpretations which have not been approved for use in the EU and have therefore not yet come into force
At the time of releasing this Annual Report, the following new or amended standards and interpretations were not incorporated in the Annual Report as they were not in force and not approved for use in the EU:
- IFRS 15, Revenue from contracts with customers
- IFRS 9, Financial instruments: Classification and Measurement and Hedge Accounting
- IFRS 16, Leases
- Amendments to IAS 7, Reconciliation of liabilities from financing activities
- Amendments to IFRS 10, IFRS 12 and IAS 28, Investment Entities
- Amendments to IAS 12, Recognition for Deferred Tax Assets for Unrealised Losses

The implementation of the new IFRS 15 in year 2018 is expected to have impact on the revenue recognition and disclosures in the Group financial reporting. IFRS 15 will not impact the business model, but may lead to changes in the pattern of the revenue and profit recognition. Long-term contracts, will primarily be affected in terms of the recognition of the revenue and profit.

Furthermore, IFRS 15 will impact the preparation of long-term contracts, which may be split into smaller contracts due to the performance obligations where recognition may differ with regards to product and services in the overall contract. Currently it is not possible to provide a reasonable estimate of the effect before the detailed review and investigations are completed.

The new standards and amendments are not expected to have material impact on the financial reporting for the coming financial years.

51. Terminology for the Annual Report

EBITDA
Earnings before special non-recurring items, interest, tax, depreciation, amortisation and impairment.

EBITA
Ordinary earnings of operations before special non-recurring items, interest, tax, amortisation and impairment.

EBIT
Earnings before interest and tax.

EBT
Earnings before tax.

CFFO
Cash flow from operating activities.

CFFI
Cash flow from financing activities.

Free cash flow
CFFO + CFFI.

Free cash flow adjusted for acquisition and disposals of enterprises
CFFO + CFFI ± acquisition and disposals of enterprises.

Net working capital
Cash up directly related to the daily operation: Inventories + Trade receivables + work-in-progress for third parties, net + prepayments, net + financial instruments, net + other receivables – other liabilities – trade payables.

Net interest-bearing debt
Interest-bearing debt less interest-bearing assets and bank balances.

Order intake
Orders are included as order intake when an order becomes effective, meaning when the contract becomes binding for both parties dependant on the specific conditions of the contract.

Order backlog
The value of future contracts end of period.

Gross margin
Gross profit as a percentage of revenue.

EBITDA margin
EBITDA as a percentage of revenue.

EBITA margin
EBITA as a percentage of revenue.

EBIT margin
EBIT as a percentage of revenue.

EBT margin
EBT as a percentage of revenue.

Cash conversion
Free cash flow adjusted for acquisitions and disposals as a percentage of EBIT.

Book-to-bill
Order intake as a percentage of revenue.

Order backlog / Revenue
Order backlog as a percentage of revenue.

Return on equity
Profit/(loss) for the period as a percentage of equity (average).

Equity ratio
Equity as a percentage of total asset.

ROCE (return on capital employed)
EBITA as a percentage of capital employed.

Net working capital ratio
Net working capital as a percentage of revenue.

Financial gearing
Net interest-bearing debt (NIBD) as a percentage of EBITDA.

Capital employed, end of period
Intangible assets (cost) + Tangible assets (carrying amount) + Working capital.

Capital employed, average
(Capital employed, end of period + capital employed end of period last year)/2.

CFPS (cash flow per share), (diluted)
CFFO as a percentage of average number of shares (diluted).

EPS (earning per share)
Net profit/(loss) divided by the average number of shares outstanding.

EPS (earnings per share), (diluted)
Net profit/(loss) divided by the average number of shares outstanding, including the dilutive effect of share options "in the money".

Net asset value per share
Net asset value as a percentage of total number of shares outstanding.

Number of shares outstanding
The total number of shares, excluding the holding of treasury shares.

Pay-out ratio
The total dividends for the year as a percentage of profit/(loss) excluding minority.

Market capitalisation
The share price multiplied the number of shares outstanding end of period.

Effective tax rate
Income taxes as a percentage of profit/(loss) before income taxes.

Other comprehensive income
All items recognised in equity other that those related to transactions with owners of the company.

Capital expenditure (CAPEX)
Investment in tangible assets.

Operational expenditure (OPEX)
External costs, personal cost and other income and costs.

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FLSmidth & Co. A/S financial statements

Income statement

Notes	DKKm	2015	2014
1	Dividend from Group enterprises	500	200
2	Other operating income	33	19
3	Staff costs	(6)	(9)
	Other operating costs	(15)	(25)
7	Depreciation, amortisation and impairment	(9)	(6)
	EBIT	**503**	**179**
4	Financial income	2,814	1,708
5	Financial costs	(2,334)	(1,459)
	EBT	**983**	**428**
6	Tax for the year	(57)	(77)
	Profit/(loss) for the year	**926**	**351**
	Distribution of profit for the year:		
	Retained earnings	926	351
		926	**351**
	Distribution of dividend:		
	Proposed dividend	205	461
		205	**461**

The Board of Directors recommends that the Annual General Meeting approves a dividend of DKK 4 per share (2014: DKK 9 per share).

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Balance sheet

Assets

Notes	DKKm	2015	2014
	Land and buildings	57	54
	Operating equipment, fixtures and fittings	0	0
7	**Tangible assets**	**57**	**54**
8	Investments in Group enterprises	2,658	2,996
8	Other securities and investments	22	22
9	Deferred tax assets	29	32
	Financial assets	**2,709**	**3,050**
	Total non-current assets	**2,766**	**3,104**
	Receivables from Group enterprises	10,041	10,754
	Other receivables	425	401
10	**Receivables**	**10,466**	**11,155**
	Other securities and investments	**1**	**1**
10	**Cash and cash equivalents**	**4**	**0**
	Total current assets	**10,471**	**11,156**
	TOTAL ASSETS	**13,237**	**14,260**

Equity and liabilities

Notes	DKKm	2015	2014
	Share capital	1,025	1,025
	Retained earnings	1,772	1,005
	Proposed dividend	205	461
	Equity	**3,002**	**2,491**
11	Provisions	20	0
	Provisions	**20**	**0**
12	Mortgage debt	307	307
12	Other liabilities	106	110
12	Bank loans	4,477	3,770
	Long-term liabilities	**4,890**	**4,187**
12	Bank loans	37	1,373
12	Debt to Group enterprises	5,042	5,921
12+13	Other liabilities	246	288
	Short-term liabilities	**5,325**	**7,582**
	Liabilities	**10,235**	**11,769**
	TOTAL EQUITY AND LIABILITIES	**13,237**	**14,260**

Equity

DKKm	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2014	**1,064**	**1,249**	**106**	**2,419**
Profit for the year		351		351
Dividend paid		7	(106)	(99)
Proposed dividend		(461)	461	0
Share-based payment, share options		2		2
Disposal of treasury shares		12		12
Acquisition of treasury shares		(194)		(194)
Transfer between categories	(39)	39		0
Equity at 31 December 2014	**1,025**	**1,005**	**461**	**2,491**
Profit for the year		926		926
Dividend paid		22	(461)	(439)
Proposed dividend		(205)	205	0
Share-based payment, share options		1		1
Disposal of treasury shares		29		29
Acquisition of treasury shares		(6)		(6)
Equity at 31 December 2015	**1,025**	**1,516**	**461**	**3,002**

DKKm	2015	2014	2013	2012	2011
Movements in share capital (number of shares)					
Share capital at 1 January	51,250,000	53,200,000	53,200,000	53,200,000	53,200,000
Cancellation of shares		(1,950,000)			0
Share capital at 31 December	**51,250,000**	**51,250,000**	**53,200,000**	**53,200,000**	**53,200,000**

Each share entitles its holder to twenty votes, and there are no special rights attached to the shares.

The year's movements in holding of treasury shares (number of shares):	2015	2014
Treasury shares at 1 January	2,412,491	3,739,783
Cancellation of shares	0	(1,950,000)
Acquisition of treasury shares, others	18,666	664,485
Share options settled	(103,229)	(41,777)
Treasury shares at 31 December	**2,327,928**	**2,412,491**

Representing 4.5% (2014: 4.7%) of the share capital.

The holding of treasury shares is adjusted continuously to match FLSmidth´s incentive plans. The holding of treasury shares at the beginning of 2014 included 1,950,000 shares that were cancelled at the Annual General Meeting in 2014.

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Notes to the parent company financial statements

Income statement

1. Dividend from Group enterprises

DKKm	2015	2014
Dividend from Group enterprises	500	210
Dividend from Group enterprises set off against cost	0	(10)
	500	**200**

2. Other operating income

DKKm	2015	2014
Profit from disposal of Land and Buildings	1	0
Management fee, etc.	32	19
	33	**19**

3. Staff costs

DKKm	2015	2014
Salaries and other remuneration	(5)	(4)
Termination benefit	0	(3)
Share-based payment	(1)	(2)
	(6)	**(9)**
Average number of employees	**8**	**7**

Remuneration of the Board of Directors for 2015 amounts to DKK 5m (2014: DKK 5m), including DKK 1m (2014: DKK 1m), which was incurred by the parent company. The total remuneration of the parent company´s Executive Management amounted to DKK 37m (2014: 41m), of which DKK 5m (2014: 8m) was incurred by the parent company.

4. Financial income

DKKm	2015	2014
Profit from disposal of enterprises and activities	62	10
Interest receivable and other financial income from financial assets not measured at fair value	6	2
Interest received from Group enterprises	302	229
Foreign exchange gains	2,444	1,467
	2,814	**1,708**

5. Financial costs

DKKm	2015	2014
Write-down of investments in Group enterprises	(7)	0
Interest receivable and other financial costs from financial liabilities not measured at fair value	(68)	(109)
Interest to Group companies	(17)	(70)
Foreign exchange losses	(2,242)	(1,280)
	(2,334)	**(1,459)**

6. Tax for the year

DKKm	2015	2014
Tax for the year		
Current tax on the profit/loss for the year	(51)	(41)
Withholding tax	(4)	9
Adjustments of deferred tax	(11)	(8)
Adjustments of tax rate on deferred tax	(3)	1
Adjustments regarding previous years, deferred taxes	12	(11)
Adjustments regarding previous years, current taxes	0	(27)
Tax for the year	**(57)**	**(77)**

Tax paid in 2015 amounts to DKK 24m (2014: DKK 52m).

Balance sheet

7. Tangible assets

DKKm	Land and buildings	Operating equipment, fixtures and fittings	Total
Cost at 1 January 2015	250	2	252
Additions	12	0	12
Cost at 31 December 2015	**262**	**2**	**264**
Depreciation and impairment at 1 January 2015	(196)	(2)	(198)
Depreciation	(9)	0	(9)
Depreciation and impairment at 31 December 2015	**(205)**	**(2)**	**(207)**
Carrying amount at 31 December 2015	**57**	**0**	**57**

8. Financial assets

DKKm	Investments in Group enterprises	Other securities and investments	Total
Cost at 1 January 2015	3,435	37	3,472
Disposals	97	0	97
Additions	(728)	0	(728)
Cost at 31 December 2015	**2,804**	**37**	**2,841**
Impairment at 1 January 2015	(439)	(15)	(454)
Disposals	300	0	300
Write-downs	(7)	0	(7)
Impairment at 31 December 2015	**(146)**	**(15)**	**(161)**
Carrying amount at 31 December 2015	**2,658**	**22**	**2,680**

The Group expects an EBITA margin of 7-9% in 2016 and in the long-term margin of 10-13%.

The discount rate has been revised for each cash-generating unit to reflect the latest market assumptions for the risk free rate based on a 10-year Danish government bond, the equity risk premium and the cost of debt.

The long-term growth rate for the terminal period is based on the expected growth in the world economy as well as input from current long term inflation swaps. Due to the current low interest rate environment, a conservative approach regarding the long-term growth rate for the terminal period has been applied. This methodology has been applied to ensure consistency with the level of the risk free rate applied as a basis for the estimation of discount rate (WACC) and the long-term growth rate. Based on these factors, a long term growth rate for the terminal period of 1.5% has been applied.

9. Deferred tax assets and liabilities

DKKm	2015	2014
Deferred tax consists of the following items:		
Tangible assets	26	25
Liabilities	3	7
Net value of deferred tax assets/(liability)	**29**	**32**

10. Receivables, cash and cash equivalents

Debtors falling due after more than one year DKK 4,835m (2014: DKK 1,725m). Other receivables include fair value of derivatives (positive value) and tax on account for the Danish jointly taxed enterprises. Cash and cash equivalents consist of bank deposits.

11. Provisions

DKKm	2015	2014
Provisions at 1 January	0	127
Additions	35	0
Used during the year	(15)	(127)
Provisions at 31 December	**20**	**0**

The European Court of Justice ruled that the liability obligation imposed on FLS Plast A/S is upheld at EUR 14.45m. The amount was paid in Q2 2014.

12. Maturity structure of liabilities

DKKm	2015	2014
Maturity structure of liabilities:		
Bank loans	37	1,373
Debt to Group enterprises	5,042	5,921
Other liabilities	246	288
Within one year	**5,325**	**7,582**
Bank loans	2,907	1,905
Other liabilities	106	110
Within one to five years	**3,013**	**2,015**
Bank loans	1,570	1,865
Mortgage debt	307	307
After five years	**1,877**	**2,172**
Total	**10,215**	**11,769**

13. Other liabilities

Other liabilities include provisions for insurance and fair value of financial contracts (negative value) and tax on account for Danish enterprises participating in joint taxation.

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Others

14. Charges

DKKm	2015		2014	
	Carrying amount of charged assets	Charge	Carrying amount of charged assets	Charge
Land and buildings	45	307	40	307

15. Contractual liabilities and contingent liabilities

The Company has provided guarantees to financial institutions at an amount of DKK 4,792m (2014: DKK 5,585m).

In connection with disposal of enterprises, normal guarantees, etc. are issued to the acquiring enterprise. Provisions are made for estimated losses on such items.

The Company is the administration company of the Danish joint taxation. According to the Danish corporate tax rules, as of 1 July 2012, the Company is obliged to withhold taxes on interest, royalty and dividend for all companies subjected to the Danish joint taxation scheme.

There are no significant contingent assets or liabilities apart from the above.

See also note 22 in the consolidated financial statements.

16. Related party transactions

Related parties include the parent company's Board of Directors and Group Executive Management and the Group companies and associates that are part of the Group.

In 2015 and 2014, there were no transactions with related parties, apart from Group Executive Management´s remuneration stated in note 3, which was not included in the consolidation of the Group, nor were there any transactions with associates.

Parent company sales of services consist of managerial services and insurance services. The parent company´s purchase of services mainly consists of legal and tax assistance provided by FLSmidth A/S.

Financial income and costs are attributable to the FLSmidth & Co. A/S. Group's in-house Treasury function, which is performed by the parent company, FLSmidth & Co. A/S. Receivables and payables are mainly attributable to the activity.

These transactions are carried out on market terms and at market prices.

For guarantees provided by the parent company for related parties, please see note 15 in the parent company financial statements.

17. Shareholders

Two shareholders have reported a participating interest above 10%:
Lundbeck Foundation and Lundbeckfond Invest A/S
Novo A/S on behalf of Novo Nordisk Fonden

Another two shareholders have reported a participating interest above 5%:
Franklin Resources Inc.
Templeton Global Advisors Limited (part of Franklin Resources Inc.)

18. Accounting policies (parent company)

Accounting policy

The financial statements of the parent company (FLSmidth & Co. A/S) are presented in conformity with the provisions of the Danish Financial Statements Act for reporting class D enterprises.

To ensure uniform presentation, the terminology used in the consolidated financial statements has as far as possible been applied in the parent company's financial statements. The parent company's accounting policies on recognition and measurement are generally consistent with those of the Group. The instances in which the parent company's accounting policies deviate from those of the Group have been described below.

The accounting policies for the parent company are unchanged from 2014.

The company's main activity, dividend from Group enterprises, is presented first in the income statement.

Description of accounting policies
Translation of foreign currency
The foreign exchange adjustment of receivables from subsidiaries that are considered to be part of the parent company's total investment in the said subsidiary, is recognised in the parent company´s income statement.

Dividend from Group enterprises
Dividend from investments in subsidiaries is recognised as income in the parent company´s income statement in the financial year in which the dividend is declared. This will typically be at the time of the approval in Annual General Meeting of distribution from the company concerned. However, where the dividend distributed exceeds the accumulated earnings after the date of acquisition, the dividend is not recognised in the income statement but is stated as impairment of the cost of the investment.

Tangible assets
Depreciation is charged on a straight line basis over the estimated useful life of the assets until they reach the estimated residual value. Pursuant to the provisions of IFRS, the residual value is revalued annually. In the parent company's financial statements, the residual value is determined at the date of the entry into service and is not subsequently adjusted.

Financial assets
Investments in Group enterprises
Investments in Group enterprises are measured at cost less impairment. Where the cost exceeds the recoverable amount, an impairment loss is recognised to this lower value.

To the extent that the distributed dividend exceeds the accumulated earnings after the date of acquisition, that dividend is recognised as impairment of the investment's cost.

Other securities and investments
Other securities and investments consist of shares in cement plants that are acquired in connection with the signing of contracts and are measured at fair value. If the fair value is not immediately ascertainable, the shares are measured at a prudently assessed value. Value adjustments are recognised in the income statement as financial items.

Cash flow statement
As the consolidated financial statements include a cash flow statement for the whole Group, no individual statement for the parent company has been included, see the exemption provision, section 86 of the Danish Financial Statements Act.

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